An *Introduction* to Marx's 'Capital'

(in 3 volumes)

Volume 2

Telugu original:

Ranganayakamma

English translation:

B.R. Bapuji

SWEET HOME PUBLICATIONS
HYDERABAD-500 033

SHOUT
SHARE
IT

An *Introduction* to
Marx's 'Capital'
(in 3 volumes)

Volume 2

By Ranganayakamma

First Published 1999

ISBN: 81-87515-01-5 (Set)
81-87515-03-1 (Vol. 2)

Published by:
SWEET HOME PUBLICATIONS
1–95/1, Guttala Begampeta,
Jubilee Hills post,
HYDERABAD-500 033 (India).
(Phone: 040-311 7302)

Printed at:
THE PRINT SHOP
11–5–436/2 & 3, Red Hills Road,
Lakdikapool,
HYDERABAD-500 04.
(Phone: 040-339 5571)

Contents

A Note on Publication **1**
Translator's Note **2**

Part 1

Process of Capitalist Reproduction

Chapters

1. Capitalist Mode of Production and its forms **13**
1) Guild 14
2) Manufacture 16
3) Large-scale industry 16
4) Cooperation 16
• Questions 25

2. Manufacture **26**
• Questions 40

3. Machinery and Large-scale industry **41**
1) Value that adds to the commodity from the machine 50
2) Cause for unemployment 69
3) What should actually happen if a new machine is introduced? 72
4) Relationship of the workers with the machine 76
5) What do capitalist economists say about the 'problem of unemployment'? 84
6) Use of machinery and its consequences 86

7) Large-scale industry in agriculture 102
- Questions 106

4. Capital subjugates labour 109

1) 'Capital': A historical relation of production 112
2) Capital in the 'capitalist society' and capital in the 'new society' 117
- Questions 122

5. Productive labour and Unproductive labour 123

1) Productive labours performed at the work place of the capitalist 126
2) Labours performed at the house of the capitalist 129
   (1) Relationship between productive and unproductive labour 140
   (2) Do unproductive labours too share the surplus value? 142
   (3) Moral lesson to the kiddy-capitalist by his economist 145
   (4) Unproductive labour in the place of production of the capitalist 148
      1. Labour of organisation 148
      2. Labour of 'control' 150
      3. Supervisor 156
      4. Manager 158
      5. Director 159
      6. Some more unproductive labours 161
3) Labour at the houses of the workers 165
   (1) Unproductive labourers in the house of productive labourers 166
   (2) Liberation of productive labourers itself is the liberation of unproductive labourers 166
4) Labour of Independent producers 170

5) Labours under the State-run enterprises 176
   (1) The State-run productive enterprises 176
   (2) The State-run unproductive institutions 178
      1. Military labour 179
      2. Labour of 'crime investigation' 181
      3. Other unproductive labours 183
6) Labours that take place in Religious institutions 186
7) Family labour 186
   (1) Women who do labour at home and outside as well 200
   (2) Is 'housework' a part of 'social labour' or not? 205
   (3) What is the class of women? 207
8) Some specific examples 211
   (1) Labour of the Bus-driver 212
   (2) Labour of a Doctor 214
   (3) Labour of the Writers 215
   (4) Labour of Film-actors 218
   (5) Labours of Bank-employees 229
   (6) What about 'Prostitutes'? 232
   (7) The question of the 'unemployed'? 239
   (8) People in the jails 240
9) Productive-Unproductive distinction applies only to masters and not labourers 241
10) 'Existence' determines 'consciousness' 243
11) Conception of Capitalist economists regarding productive-unproductive distinction 252
12) Distribution of 'mass of production' of the society 263
   (1) 'Means of production' in the 'mass of production' 266
   (2) Portion of wages of productive labourers in the 'mass of production' 268
   (3) The other portions of surplus value in the 'mass of production' 271

- Taxes and other sources of State income 272
- Others who consume 'surplus value' 277

13) Rich-poor differences among 'products' 280

14) Exploitative luxury articles 282

15) Different levels among exploiters 284

16) A clarification regarding 'productive-unproductive' labours 285

17) Productive-Unproductive distinction is specific only to the 'capitalist society' 298

18) Will there be Productive-Unproductive distinction in the 'new society'? 299

(1) Common Kitchen/Dining hall 304

(2) Military labour in the 'new society' 311

(3) Labours of 'crime investigation' in the 'new society' 311

(4) 'Arts' in the 'new society' 314

(5) Problem of prostitution in the 'new society' 314

- Questions 315

6. Expansion of Capital 320

- Simple Reproduction 321
- Expanded Reproduction 321

1) The Source of capital 322

- Explanation of exploiters regarding 'Rich-Poor' differences 326

2) Accumulation of capital 331

(1) Simple Reproduction 334

(2) Expanded Reproduction 336

(3) Centralisation of capital 344

(4) In the 'expansion of capital', constant increases and variable decreases 349

(5) Reproduction of 'production relations' 353
   1. The conditions whereby 'labour power' always exists as commodity 354
   2. The conditions in which workers are alienated from the means of production 355
   3. The condition in which the capitalist himself decides matters of 'production' 355

(6) Expansion of capital and 'surplus population' 358

(7) Expansion of capital and the 'housing question' 370

(8) Production of 'luxury' goods 376

(9) Production of 'luxury' articles in the 'new society' 380

(10) Once again on the capitalistic luxury life 381

(11) Expansion of capital is expansion of 'means of production' only 382

(12) Capitalism is not 'circular', it is spiral 383

(13) Expansion of capital is also expansion of workers 385

(14) New mode of production is not spiral, but circular 385
   1. In the beginning of the 'new' society 386
      Simple Reproduction under capitalism 387
      Simple Reproduction in the new society 388
      Expanded Reproduction under capitalism 389
      Expanded Reproduction in the new society 390
   2. Population growth 393
   3. New use-values 397

(15) General formulae for 'collective' plan 399
   1. Formulae for Simple Reproduction 402
   2. Formulae for expanded Reproduction 406

(16) Reproduction in the 'new society' 409

(17) The problem of 'quantity of money' 412
   1. In 'Simple Reproduction' 422
   2. In 'Expanded Reproduction' 423

• Questions 429

Part 2

PROCESS OF CAPITALIST CIRCULATION

1. Costs of Circulation **431**

1) Do expenses connected with 'exchange' add to the value of the commodity? 433
2) Costs of sorting and packing 443
3) Costs of book-keeping 445
4) Costs of storage 448
5) Costs of transportation 456
6) Costs of advertising 460
7) Cost of money 479

- Questions 487

2. Capitalist 'Price' **492**

1) Composition of capital 498
2) General rate of profit 511
3) In the past societies 520
4) Cost price, production price and market price 523
5) 'Magnitude' of capital 528
   (1) The Working period or Production period 528
   (2) The Circulation period 530
   (3) The Turnover period 531
6) Transformation of 'values' into 'production prices' 541
7) Transformation of 'production prices' into 'market prices' 555
   (1) What is the role of 'supply' and 'demand'? 573
   (2) Is 'demand' of the market a 'real demand'? 575
   (3) Once again on 'supply' and 'demand' 579
8) Price in the past societies 581
9) Different profit rates in different branches 583

10) Different profit rates of different capitals in the same branch 589
11) The secondary profit of an individual capital 606
12) Which profit rate does a capitalist add? 607
13) One branch and one society 611
14) Exchanges of capitalist commodities 611
15) 'Price' without 'value' 616
16) Does 'law of value' operate under capitalism? 617
17) Supply and demand in the case of 'wages' 627
18) What does the capitalist economist say about wage? 634
19) Will the values of commodities change if wages rise? 638
20) Why do changes occur in wages? 642
    (1) Impact of productive power on 'wages' 643
    (2) On the changes in the 'value of money' 644
    (3) On the changes in the 'quantity of money' 660
21) 'Monies' of different countries 675
22) Inflation 697
23) Can't there be the same currency note for all the countries? 700
24) Again on the 'price rise' 703
25) False beliefs regarding 'wages' 706
26) Commodities of Independent producers in the capitalist society 729
27) 'Price' in the 'new society' 732
    (1) Simple Reproduction in the 'new society' 734
    (2) Expanded Reproduction in the 'new society' 736
    (3) The impact of 's' and 'd' in the 'new society' 740
28) Workers of the world, Unite! 743
29) Engels' reply to Loria, who criticised Marx 751
- Questions 753

Index

10

A Note on Publication

Mr. M. Srihari Rao has provided funds for the publication of these three volumes. Mr. Srihari Rao is a general surgeon by profession and is currently working in America.

About fifteen years ago, he wrote me a letter stating that he has been reading my books, that he has been changing his views due to my books and that my books helped him understand Marxism. In his subsequent letters, he offered to extend 'financial help' whenever necessary. At that time I told him that I did not need any such help.

But later (in 1985), when I wanted to bring out simultaneously all volumes of my Telugu introduction to Marx's 'Capital', I faced the problem of money. (I brought out volume 1 of my Telugu 'Introduction to 'Capital' in 1978.) At this juncture, I asked Srihari Rao for an 'interest-free loan'. But, he said the money he was giving was not a 'loan' and he would like to undertake the responsibility of printing costs. I agreed with him since he accepts this theory (Marxism) and he has the necessary financial resources to meet the expenditure. As it was not necessary to pay money back to him, we have decided to use the sales-amount to reprint the books. Taking only minimum expenses into account, we have fixed the price of the Telugu version. Thus, we were able to solve the problem of printing/reprinting of this Introduction. Otherwise, we would have to go in search of loans at the time of every reprint. (We brought out the 2nd print of volume 1 and the 1st print of volumes 2, 3 and 4 in 1987. Volume 5 appeared in 1993.)

In 1989, I thought of bringing out the English version of my Telugu Introduction to 'Capital' as I felt that the original 'Capital' (that is, its English version) is difficult to understand. When I discussed this idea with Srihari Rao, he had readily agreed to provide funds for the English version also.

It is not a 'great' thing if a person does something which he can do, for the theory that he likes. It amounts to merely discharging his duty and doing something which he likes to do. But in the present day

society, where all duties and all likes cannot stand before 'money', it is indeed a 'great' thing if a person spends some money for a good cause. Hence, I feel it is my duty to inform the readers about the contribution of Srihari Rao.

We are bringing out the five-volume Telugu work, as it is, in a three-volume English translation. We are fixing a very low price (much lower than the usual market rate) for these three volumes in order to make them economically accessible to the readers.

RANGANAYAKAMMA

Translator's Note

A note on this translation is necessary since the source language (Telugu) and the receptor language (English) are 'genetically' unrelated.

The differences in syntax (grammar) and semantics (vocabulary) of these two languages pose certain problems to the translators.

The grammatical features that posed problems were: articles, prepositions, auxiliaries, tense and aspect, voice, tag questions, conjunctions, word-order, sentence length and sentence types.

One specific feature of the original is that it does not contain even a single passive-voice sentence whereas the translation is not free from the passive voice. Another feature is that the original writer, while referring to the 'capitalist', used the non-honourific pronominal form 'vaaDu' (3rd person, masculine, singular). As this form is not available in English, we had to use a neutral and mild form 'he'. At some places, we have also used 'that fellow' or 'that guy'.

The problems faced in the sphere of vocabulary were: collocations, figurative expressions such as ironical expressions, idioms, metaphors, proverbs etc., appropriate use of adjectives and

adverbs, units of measurements and weights, the numbers and numerals, proper names, flora and fauna, birds and animals, culture specific words and so on.

While the variety of language used in the Telugu original is 'modern colloquial standard', the variety used in the translation is a 'south-Indian sub-variety of Indian/South-Asian variety of English'. (After all there are many Englishes). This implies a syntactic and semantic substratum of the source language underlying this translation.

This volume consists of 2 parts. The translation of part 1 is based on volume 3 of the Telugu original and part 2 is based on volume 4. I sought the help of two persons for overall language corrections (in grammar and vocabulary) without any reference to the source language text. Mr. **A.D. Bhogle**, retired Professor of French from Osmania University, Hyderabad, went through the 1st part and Ms. **Sonia Gupta**, Reader in Spanish, Central Institute of English and Foreign Languages (CIEFL), Hyderabad, went through the 2nd part. Mr. Bhogle and Ms.Sonia made useful corrections and suggestions to improve the translation. However I carried out those corrections after discussing them with the original writer.

Despite useful corrections and suggestions, the present translation may still have shortcomings either due to oversight or personal choice with regard to the suggestions made. Hence, I am responsible for the shortcomings that may still remain.

B.R.Bapuji

PART 1

Process of Capitalist Reproduction

Chapter 1

Capitalist mode of production and its forms

Whenever people speak of the Capitalist Mode of Production (CMP), at once we think of machines. Generally, all of us have a notion that 'production by means of machines' itself constitutes the Capitalist Mode of Production (hereafter CMP). But CMP has been there even when machines were not yet invented and when work was being carried on by means of tools. CMP is that mode of production, which involves investing some 'capital' and making wage labourers work in order to earn 'profit'.

The stage prior to the stage of 'machinery' is the stage of 'Manufacture'. During this stage, production was carried on by means of tools. The stage that precedes this is the stage of 'Guilds'. (The stage of occupational organisations. These stages are related to the history of England).

Large number of workers working at the same time and at the same place under the 'control' of a master only to earn wages—constitutes the earliest stage of capitalism.

CMP developed in England by passing from one stage to another: initially through 'Guild' system of production, later through 'Manufacture' system of production and subsequently through the system of production using 'machinery'.

Production under Guilds and Manufacture was carried out by means of hand tools only.

Gradually, it transformed into 'large scale industry' after the invention and the use of machines in production.

1. Guild

'Guild' means a place where either weaving or tailoring or balcksmithy or carpentry or some specific occupation (work) is carried on. If a weaver or a tailor engages some workers and carries on the work—that itself constitutes Guild.

While learning a trade from a 'master' who knows that trade, Some workers will produce some specific kind of articles. The means of production in a Guild belong only to the 'master'. In some cases, some workers can also have their own tools. The work takes place by means of hand tools. The Guild-master too works along with the workers. The workers will get 'wages'. The production that is carried out will belong solely to the Guild-master. In the surplus value, which remains after deducting the initially incurred expenditure as also the wage of the master, there will be a portion that belongs to the master besides the portion that belongs to the workers. Here the surplus value of the labourers will be at a very low level since, in a guild, the capital will be at a very low level and since the master too does the work. This master will be a 'small capitalist' (petty bourgeois) because some part of his income is derived from 'exploitation' and some part is derived from his 'own labour'.

Here the relationships between the master and his workers are comparable to those of a teacher who imparts education and his students. Here there won't be a big difference between the master and labourers in their 'actual life' relating to education and skills.

In a Guild, labourers work separately and individually. That is, if there are 4 labourers in a tailoring guild, each one of them takes a separate piece of cloth and does the work of cutting and stitching individually for themselves. Here the work is not carried out in such a manner that some labourers do the entire cutting work and some do the stitching work. (This method begins much later in 'Manufacture'). The guild-labourer himself does all the phases of work concerning an article one after the

other. He completes an article by doing all the stages involved in the work.

If we consider a tailoring-guild and a weaving-guild, we will find 'division of labour' between those two guilds because the work in those two guilds is different. But, if we consider a single guild, there won't be division of labour among the labourers. As the labourer in a guild does the same kind of labour and as each one of them does the work related to all its phases concerning the article, there will not arise any 'hierarchical differences'. They begin in 'Manufacture'.

Production carried out in guilds depends upon the limits of 'needs' only. Production of articles is undertaken only after customers place their orders. In a tailoring-guild, what we have is stitching of only those clothes, which the customers bring. In a weaving- guild, we have weaving of only such cloths as the customers order. Same is the case with foot-wear. Same is the case with jewelry. Same is the case with other kinds of products. Production of commodities on a large scale even without orders from the customers in hand, and looking for the markets to sell those commodities did not begin as yet during the time of 'Guilds'. This means, production was still confined to the limits of needs during the stage of guilds. That is why, this guild-capital was not yet real capital. In this stage, labourers do not yet face adequate 'contradiction' with 'capital'. The 'production relations' under the guild system during Middle Ages (600-1500 AD) in Europe are not adequate to demonstrate the antagonism between 'capital' and 'wage labour'.

Every guild-master observes the rule that he has to employ a prescribed number of workers only. This is the rule, which the guild-masters themselves lay down. This is the arrangement, which they make so that all the masters of a given occupation necessarily secure some amount of profit.

Each master will have 'political' rights. They participate in the municipal administration and other political matters.

The guild production gradually transcended the limits and regulations of the earlier times and proceeded towards capitalist relations. As exploitation is an inherent characteristic of its 'system of production' and howsoever small the surplus value derived from the labourers may be, this surplus value would increase but not decrease the capital. As the

capital grows gradually and as its limitations and the regulations imposed on it disappear, the level of production would keep growing. Then organising 'process of production' would become the main task of the Guild-master. It follows that he stops doing 'manual labour'. He would spend entire time in 'organising' production activities and in 'controlling' labourers. When he employs such employees as 'managers' on his behalf, the guild-master would become (instead of petty bourgeois), a capitalist who lives wholly on the exploitation of labour.

When the master ceased to do labour thenceforth the old type of relations between him and workmen would vanish and a new type of relations that exist between capitalist and wage laborers would begin.

Gradually, the guild-master transforms into the owner of 'Manufacture'.

2. Manufacture

There was no difference between the guild system and manufacture in the beginning except that the number of workers under manufacture was more. In the beginning, manufacture was nothing but an 'extended' form of guild. Its technical foundation too was handicrafts. The stage of manufacture in Europe was during 16th to 18th centuries. All the consequences (like cooperation and division of labour) that are due to the increase in the number of labourers at the work place only began during this stage. Use of Machinery appeared in the final period of this stage.

3. Large-scale industry

The beginning of production by means of automatic machines refers to 'large scale industry'. In Europe, this began since 18th century.

Before we examine Manufacture and Large-scale Industry, we have to examine the phenomenon of 'cooperation' in the process of production.

4. Cooperation

Cooperation involves working together of many labourers according to a plan either in a single process or in different but mutually connected processes of production. It means that labourers can undertake a very big task too by 'working together'.

It is not possible for a single individual to lift the weight of one tonne (thousand kilograms). If 20 persons come together, they can lift it with great difficulty. If 40 persons come together, they can lift it very easily.

If 1 person does some work in 10 days, it doesn't need 10 persons do to the same work in 1 day. Less number of persons would be enough.

Let us suppose that in the house building work, materials such as stones are to be handed over from the bottom to the top. The work could be carried on easily and quickly if all persons stand in an order, shift the weight from one to the other and deliver it at the last point rather than where each person carried separately some bricks up, put them there, came down again, and took some more bricks again up and thus walked up and down carrying the weight individually and separately. There won't be any relation between one another if each person carries weights separately. If that happens, it means that each person is doing his work separately and individually. If all people stand in an order, take the weight one from the other and hand it over ultimately to the last person, it means that all people had come into a 'collective relationship', working cooperatively, thus cooperating with one another.

If 100 people have to till 100 acres of land, the work could be carried out easily and quickly if all people work on 10 acres first and another 10 acres next on a 'cooperative basis' rather than each person working on a single acre.

If the work is quickly and easily carried out due to 'working together of people', it means that the productivity rises in the case of labour performed in the form of 'working together'. Owing to 'cooperation', a new 'productive power' of a collective character will be created.

When seen in isolation, we will necessarily find many differences among the abilities of labourers. All persons cannot do a job with in the same time. If a person does a work in 1 hour, another person would do it in a shorter time than that. Similarly, if we employ 10 persons, all these 10 persons may do the work in 10 different timings. But when all these 10 persons are collectively involved in a work, the individual differences will vanish because both active workers and dull workers work together. Each person will be able to give an average labour. The 'individual labour' will acquire 'social' (collective) character.

Estimating the amount of work carried on in 1 hour in weaving, tailoring or any other labour —is possible only by seeing the result of 'working together' by some workers at one place. How much weaving work is possible on an average in 1 hour? How much tailoring work is possible in 1 hour? —Understanding these questions amounts to understanding the average level of that labour.

Let us consider 100 tailors. Let us suppose that if some tailors stitch a shirt in 1 hour, some others would need more than 1 hour for it and yet some others may do it in less than 1 hour. Let us suppose that if we combine the timings of all types of persons and take an 'average', it would come to '1 hour'. Which means, the 'average labour time' necessary to stitch that kind of shirt in the given conditions is 1 hour.

If we divide the work done collectively by many labourers in a day (that is, the collective working day) by the number of labourers, we get 'average' labour. The same is 'social labour'.

If we assume that 10 persons together produce 20 articles in a working day, then the production of 2 articles per day by each person amounts to 'average labour'. If we divide these 10 labourers into 5 batches, each consisting of two labourers and involve them in the work, it is not possible to assume that each batch would necessarily produce 4 articles. But if we add another 10 persons to these 10 persons, it is sure that the total 20 persons would produce 40 articles. They may even produce more than 40 articles.

Though some workers work with less than 'average' capacity, others work with more than 'average' capacity. Hence, as the number of workers that participate in 'cooperation' increases, 'average' work from each worker is guaranteed.

If we divide the total work obtained in a working day by the number of workers, we will find that each worker contributed either more work than the average or less work than the average. Under capitalism, it is obligatory to obtain 'average work' from each worker.

If a single labourer performs all the phases of production of an article, it refers to an isolated labour process concerning that single labourer. If a carpenter smoothens a plank of wood, makes a chair with it, paints it and thus keeps a chair ready, it means that the labour of a single person has made it.

Though labourers do their work separately and individually, it is possible for them to use collectively the work place, instruments of labour, vessels and other means of production since they assemble at the same work place and work sitting side by side.

It is called 'simple cooperation' if labourers, while using means of production collectively, perform work separately and individually.

It is called 'complete cooperation' if the work to be done is divided into certain phases and if some people carry out one phase and some others carry out another phase and if the article is thus produced through a certain number of phases. Owing to this, the 'labour process' acquires 'collective nature' internally too. This is not merely the collective use of means of production but carrying on a work collectively. When 4 persons carry on the work of making a chair in 4 phases, it would be something made of 'collective labour' instead of the labour of a single individual. Only, such a labour process would acquire collective nature.

More work would be turned out when the work is carried out by means of 'complete cooperation' rather than 'simple cooperation'. It means that such labour would acquire power to produce more. This complete cooperation would combine different kinds of labour and different kinds of labourers in a single labour process. Combined labour processes alone are necessary to undertake large works such as the construction of roads, rail tracks and canals. Individual labourers cannot under take such tasks. A single individual labourer cannot construct a canal or lay a road just as he makes a chair.

Cooperation economises means of production. In order to carry on the work, if one weaver needs one room of certain area, 10 persons do not need 10 different rooms in order to carry on the work simultaneously and sitting side by side. It involves less expenditure to construct a hall to accommodate 10 persons rather than constructing 10 separate rooms. Similarly, when vessels, other instruments and rooms that store raw materials are commonly used, their expenses decrease and hence the value that reaches through them to the commodity will also decrease. True that vessels get worn out quickly if used frequently. Yet no one can say that an instrument that gets worn out in a year if 10 persons use it would definitely get worn out within 6 months if 20 persons use it. Buildings, instruments and vessels do not get worn out in the same proportion as the

common use of them increases. (Again there is a difference between buildings and vessels in this regard). As the common use of means of production increases, the value of a commodity decreases in the same proportion as the value that goes into the commodity through these means of production.

What does it mean if labourers have the same and spacious work place and use the means of production collectively though they work separately and individually? What has happened in this mode when compared to the earlier modes of production wherein the producers (labourers who produce) in a society carry on production separately and individually at different places in a scattered manner with individual tools and material? It means that the external conditions necessary for 'labour process' to become collective are being formed. It also means that before labour power acquires collective character the means of production are acquiring collective character.

Though 'labour process' has not yet become 'collective' and though the instruments of production have not at all developed, much increase in production is possible simply through assembling the producers who were earlier scattered here and there. This is what had happened due to Guilds.

The labour would increase productivity many times when 'labour process' too acquires a collective nature. This is what had happened due to Manufacture.

Assembling the scattered producers to one place and attributing 'collective nature' to means of production and labour process had been done by the capitalist only in the course of history. The capitalist did not do this intentionally and with conscious awareness. It did not happen in accordance with the whims and fancies of the capitalist.

Neither the Guild-master nor his workers realise that they are concentrating means of production at one place. Similarly, neither the owner of the Manufacture nor his workers think that they were transforming the isolated labour processes into a collective labour process and thereby paving the way to revolutionary changes in the relations of production.

It was CMP alone that accomplished the historical tasks of collectivising the means of production and the labour processes. This is its singularity in history.

The fact of producers working with cooperation in a process of production has been there in the history since the days of primitive societies. This is not specific to capitalism alone. But, there are certain specific difference between the cooperation of the earlier ages and the capitalist cooperation.

Cooperation had been there among the ancient population that lived on hunting and also among the Indian agricultural tribes. Similarly, under slavery, construction of gigantic monuments was undertaken by means of cooperation (pyramids of Egypt, China wall and such other constructions).

In the case of ancient hunting tribes, the relation between the individual and the tribe used to be like an umbilical cord and the cooperation used to be confined only to the production processes that take place among the members of the tribe.

Among the Indian agricultural tribes, all the members of a tribe used to have common ownership over some land while they possessed land separately and individually. Their cooperation was confined to producing collectively on the commonly owned piece of land.

If we consider cooperation among the primitive tribes, there won't be 'compulsion' here in 'working together' since the members of a tribe collectively own means of production and do labour for themselves.

If we consider cooperation in slave owning societies, we find 'compulsion' here in doing labour since the slave is always bound in slavery.

In capitalist cooperation, we find the two features together, namely, presence of compulsion and absence of compulsion. When compared to the ancient tribal producers, the wage labourers are not free people. The wage labourers do not possess means of production as did the ancient tribal people. Where ancient tribal people produce for their own sake, wage labourers produce for the sake of increasing the property of the owners (an alien property or property of others). Due to this reason, there is compulsion in the labour of wage labourers.

But, when compared to the slaves, wage labourers are free people. Though wage labourers too like slaves do not have means of production, they are not found in servitude throughout the day like slaves. They take

'wage' for their labour. Hence wage labourers consider 'work' as their responsibility. This sense of responsibility toward work, which is absent in the consciousness of slaves, is a new idea that has entered into the consciousness of labourers who work for wages.

Thus, workers are 'not free people' when compared to the ancient tribal producers but are 'free people' compared to the slaves. In CMP, every thing exists with contradictory features. In this mode of production, we find, on the one hand, aspects that do more harm than earlier to the workers and on the other, aspects that contribute to progress. Owing to this, the capitalist cooperation begins in a changed form both in the extent and character when compared with the cooperation of earlier societies. The capitalist cooperation that contains these contradictory features serves as an embryonic form of a real and complete cooperation which emerge formed in the future society (the new society).

Since capitalism is a system that produces commodities for the sake of 'sale', it is not possible to find under the slave-master or in the labour process of ancient tribes as many labourers as we find under the capitalist. When compared with the past, concentration of labour in a large number at a work place began only under capitalism. Besides the increase in the number of labourers, the labour process here acquires a collective character. Due to these reasons, capitalism creates productivity of the highest degree.

The cause for this productive power is 'cooperation' alone and not capital. But, since it is the capital, which provides this cooperation, the productive power that results from cooperation appears as a power that results from capital. Concentration of labourers at one place in such a large number and creation of a new power due to a planned cooperation did not take place before capital gathered labourers together in a large number at one place. Hence, it appears as though capital itself is the cause for that power. All the natural powers of cooperation (that is collective labour) appear as the natural powers of capital. It is as if the capital possesses natural productive powers as verily as the earth possesses a natural centre of gravity. The final consequence of this is the appropriation by the capitalist of the entire production made with productive powers.

'Cooperation' is essential for capitalist exploitation to reach a higher level.

Capital pays only 10 wages to 10 labourers irrespective of whether this capital makes them work individually or collectively. But capital gets more benefit because those 10 labourers worked collectively instead of individually and the productive power thus increased.

The constant increase in productivity that results from cooperation is a free gift to the capital.

Capitalist cooperation has many limitations. The number of workers, which the capitalist assembles at one place, depends upon the level of his capital. The number of workers, which that fellow can assemble at one place, is dependent on the amount of capital, which that fellow can invest.

The collective relations that are formed among the workers due to capitalist cooperation would not be 'proper collective relations' as yet. It is so because every worker comes into the labour process only through the owner. Every worker would be in a direct relationship with the owner and would not be in a direct relationship with the co-workers. This situation keeps the consciousness of the worker at an ambiguous level. "My connection is only with my master. I am not concerned with others (workers)"—thinking thus, the worker does not recognise the collective 'labour relationship' which he has with other workers. What every labourer thinks is this: "The owner has assembled other workers as he did in my case. Hence, I am together with other workers but there won't be any relationship between me and other workers". In this manner, every worker perceives the labour relationship between himself and other workers only through the owner. Which means, he believes that such a relationship can exist only if the owner exists and it is not possible if the owner does not exist.

But if we imagine that there is no master above the workers and workers themselves are organising the process of production in a collective manner, then the consciousness of workers would be quite different: "All of us are carrying on production activity by means of collective labour and collective responsibility. This labour itself is establishing collective relationships among us all. The relationship that is formed among labouring persons would be a relationship that is formed by means of labour alone and is not a relationship that is formed through the owner. 'Ownership' is an external aspect that is not connected with the 'labour process'"—workers would thus acquire such a consciousness. Then every

worker would perceive consciously and in a real sense the relationship that exists between himself and other workers.

Workers who come together only through an owner would be in a 'dependent stage' but would be in 'cooperation' in that dependent state itself. Capitalist cooperation means 'cooperation of dependent labourers' as in the case of old societies.

If the situation of having an owner keeps workers in an isolated relations, the situation of working in cooperation keeps the same workers in collective relations. It means that capitalist-collective relations, instead of being collective relations proper would yet be contradictory collective relations. That is why the consciousness, of the workers in that state, also would be contradictory. They would neither be in a state where they are able to understand fully what is proper, nor would they be in a state where they are not able to understand at all what is proper. They understand certain things properly; certain things wrongly in toto; certain things this way and that way. On the whole, they do not have any clarity on any issue and hence will have a confused understanding.

Just as every thing in history has evolved through many forms and developed itself, so also 'cooperation' has been evolving into different forms in the course of time. The 'capitalist cooperation' still exists with a form that suits the capitalist character, instead of with a proper form.

Capitalism played the most important role in assembling labourers at one place and developing cooperation as a collective power. However it need not perform that role (of assembling laborers at one place) forever. The role of capital ended historically as soon as it transferred the 'labour process' into collective labour process. The material base, which makes it possible for the labour to participate in labour process with collective consciousness, is already formed. The very participation of all the labouring people in labour processes in accordance with a plan constitutes 'the material basis'. The specific nature of capital disappears when labourers confiscate means of production with a collective consciousness relying on this material basis. It would be possible for the cooperation to exist without capital. Then cooperation would acquire a different character and a different form.

But, according to the capitalist economist, it is the capital, alone which always has to perform the task of gathering labourers at one place

in order to carry on the labour process. This capitalist economist treats capitalist cooperation as an eternal necessity instead of a historical form. It is because, he considers capital itself as an eternal category.

But when capitalism too changes, capitalist character and its corresponding form will acquire a new character and a form that is appropriate to that new character. Same is the case with 'cooperation' as well.

While the workers who work with capitalistic cooperation are called 'collective labourers', workers who work with 'new cooperation' are called 'associated workers'. Whether you call it 'collective' or 'associated', both mean 'to be collective' only. But we are calling workers with capitalist cooperation 'collective workers' and workers who have established conscious collective relations among themselves on their own without an owner 'associated workers'.

The basis necessary for 'association' in the relations among workers is laid down in capitalism only. But it is formed with some contradictions. Therefore, the workers who have to establish a new society, that is: the workers who have to change their relations as 'associated' relations will have to grasp consciously the contradictory features that arise in their relations because of capitalism.

Questions :

1. A guild. The total number of workers along with the master is 4. The expenditure on means of production in a week is 60. The expenditure of wage is 40. The rate of surplus value is 25%. How much did the master get from his own labour? How much from exploitation?
2. Who is a 'petty bourgeois'? A peasant who performs labour has engaged a farm servant for an annual wage. He has also engaged coolies for agricultural activities. Will this peasant become a petty bourgeois?
3. When will the 'petty (small) bourgeois' become 'big bourgeois'?
4. What are the similarities between a slave and a wage labourer?

5. What is meant by cooperation? Working in cooperation and working collectively—do they mean the same thing?
6. Let us suppose that an 'average work' in a given production means producing 10 articles. What does it mean if we say that the capitalist will surely get average work from each worker? Does it mean that every worker necessarily does produce ten articles each?
7. It is possible to economise means of production due to cooperation? Explain.
8. It is possible to have 5 thousand workers at the work place of a capitalist. Is it possible (or not possible) to have 5 thousand slaves under a slave master? Why?

●

Chapter 2

Manufacture

There was no difference between the Guild Mode of Production and Manufacture Mode of Production in the beginning except an increase in the number of workers.

In the 16th century, opportunities were opened for the sale of commodities of the capitalists. Owing to the discovery of the American continent and new sea routes, the trade relations of England with other countries and continents expanded and it (England) had to increase its production further.

The technical foundation throughout the stage of Manufacture had been handicrafts only. Tools alone were its instruments of labour. Though small machines had begun to be used in certain kinds of work, the workers used to employ them as their tools by either rotating them with the hand or peddling with the leg. The stage until the introduction of automatic machines run by engines without the need to be operated by human beings is 'Manufacture'.

This stage of Manufacture occurred in Europe from the middle of the 16th century to the end of the 18th century approximately.

The Guild mode of production, wherein a single individual carries out all the phases concerning a product and completes its production, had changed to some extent in the period of Manufacture. It changed into such a form whereby different workers carry out different phases concerning a product. This means, that all the labour processes carried out separately and individually got transformed into 'collective labour process'.

When we speak of the Manufacture mode of production, it refers to the earliest stage of two main phenomena.

1) A system whereby workers work collectively.

2) A new kind of division of labour.

These 2 phenomena continue with their positive aspects on the one hand and the negative aspects on the other.

To make a horse-drawn carriage, carpentry, blacksmithy, tailoring etc., are necessary. All these kinds of work were already in existence as separate handicrafts. The capitalist (the manufacturer) who makes horse-drawn carriages brings together those different handicraft-producers in his own workshop on the basis of wages. All these trades (various kinds of work necessary for the making of a product) which were hitherto scattered will now gather at one place only. Though the workmen who have thus come together would do their respective jobs here just as they did them outside, the article under production will move quickly from one worker to another since all those kinds of work have thus come to one place. It does not take much time for a carriage, which is partially made in one phase of the labour process, to be passed on to the worker in the next phase. The intervals between those phases would decrease and the whole work would be carried out quickly.

It would take less time to stitch a shirt if one worker cuts the cloth to measurement and another worker stitches the shirt rather than the same worker doing everything: cutting as well as stitching. Every capitalist would adopt these new methods in making workers work collectively with the aim of getting more production than other capitalists. The particular capitalist who is able to make arrangements with more

'efficiency' in accordance with the new method would benefit more than others.

The new method, whereby different workers deal with different phases of an article, would lead to a 'new kind of division of labour'. It is as follows. Let us suppose that there is a capitalist who gets horse-drawn carriages made. At his own place of production, except horse-drawn carriages, other wooden articles such as chairs, cots, sitting-planks, ploughs and play-things for children are not. Only horse-drawn carriages are made. A carpenter is necessary to make the wheels of that carriage. Let us suppose that this capitalist has engaged a carpenter for making wheels of the carriage. In the past (that is before joining this capitalist), this carpenter used to make all kinds of wooden articles such as chairs, cots, ploughs, sitting-planks etc. But after joining the carriage-making capitalist, this carpenter would transform himself into a worker who only makes carriage wheels. He would stop all other jobs and gradually, he would lose the habit of making them.

Similarly, a tailor who was hitherto doing all kinds of tailoring jobs, would only do the work of stitching carriage seats once he joins this workshop of horse-drawn carriages.

The same is the case with blacksmiths and other workers also.

Let us suppose that a capitalist gets all kinds of wooden articles made. Even if a carpenter works for such a capitalist there he would be making only chairs or only cots. Or doing any one phase of the making of chairs and cots.

If a person, instead of doing all kinds of work, does only one kind of work always, he would get more experience and acquire skill of doing that work more quickly and expertly. Owing to this kind of division of labour, he would 'specialize' in a particular kind of work. The owner would draw more work in less time from the specialized workers.

We have to examine this 'specialization' in some little detail. Stitching of clothes involves two phases, namely, cutting and stitching. These two are two different kinds of work and these are necessary to make a shirt.

The making of shirt may be done in 2 ways. The same person may do both cutting and stitching and complete the making of the shirt. After

completing one shirt, the same person begins the work on another shirt. This is one way of doing the work. There is also another way where one person does the cutting work and another person does the stitching work. It takes less time to make an article in the latter way than in the first way.

If the same person does cutting and stitching, let us suppose that it would take 1 hour to cut the cloth and 2 hours to stitch or altogether 3 hours to make 1 shirt. It takes less than 1 hour to cut the cloth for 1 shirt if the second type of worker who always does the work of only cutting does it. Similarly it takes less than 2 hours to stitch the shirt if the second type of worker who always does the work of only stitching does it. Let us suppose it takes an hour and half. This means, while it takes 3 hours to complete 2 kinds of work if the same person do them, it takes less than 3 hours to do those 2 types of work if specialized workers do them. That is, it takes only 2 hours in this example.

While all the capitalists who get shirts made adopt the first method of working, one or two people, let us suppose, have begun to get the work done in the second method. It takes only 2 hours to make a shirt for those who follow the second method while it takes 3 hours to make a shirt for all the remaining capitalists. Yet these capitalists too (even those capitalists who get the shirt made in shorter time) will sell shirts, like others at the value of 3 hours. Or, if needed they will also sell little cheaper. This means, the capitalists who get the work done by means of this second method, would introduce the system of 'specialization' only for the 'relative surplus value'.

When the tailor, who hitherto did all kinds of tailoring work, has now become a specialist in the work of stitching carriage seats only; when the carpenter, who did all kinds of carpentry, has now become a specialist in the work of making the wheels of the carriage—then that capitalist would be able to get more work done than other capitalists (who do not engage so many specialized workers). Owing to this, a unit of commodity is produced with less expenditure under this capitalist. Therefore, he would be able to secure more profit than others whether he sells it for the same value at which all others too sell it or even if he sells it for a lesser value in competition with others.

But, soon, the other capitalists in the same branch of production too would begin the same kind of specialization. Then, either further changes

in the specialization take place or, where it is not possible, other methods are adopted to increase productivity.

There was a division of labour in the society prior to the stage of Manufacture. It was like this: weaving was a separate work, tailoring was separate, shoe-making was separate, agriculture was separate and so on. It was such division of labour whereby a single individual or a single family performs totally different kinds of labour. An agricultural family would do weaving work too along with the agricultural work. A shoe-making family would do agriculture work too along with shoe-making. Thus, in the past, two or three totally different kinds of labour existed together. However, the change that occurred in the division of labour during Manufacture was that an individual would not perform different kinds of labour. Moreover, a particular labour too gets further divided into smaller parts. Thus, Manufacture 'develops' further the hitherto existing division of labour and initiates new kinds of labour. But the 'development' in the division of labour that takes place on the capitalist foundation would be full of contradictions.

Specialization in the work includes some positive aspects and some negative aspects. The positive aspects are the following: As a person always performs the same kind of work under the system of specialization, he would be doing that work very skillfully and quickly. Specialization is useful to make things with quality and to shorten the labour time.

The negative effects of specialization are the following: As a person always performs the same kind of work, he would be tied down to the same kind of work all the time. A tailor who performed 10 kinds of tailoring work in the past, would now work under a capitalist and performs only one of the 10 kinds of work and stops performing other kinds of work. As he would never do those 9 kinds of work, he will lose all the necessary capabilities to do those jobs and become an expert in only one kind of work. It is very advantageous to the capitalist if the worker does so. A particular kind of work, which is necessary for the capitalist, would be available to him as a specialized work. But this is a great loss to the worker. Only one ability of the worker concerning a particular work would develop and all other abilities are destroyed. A person, who was able to do many kinds of work according to the old division of labour, now becomes some one who is able to do only one work and unable to do any other work and thereby becomes a crippled person occupationally. Thus,

every labourer is fixed in a narrow circle of the capitalist labour process, which requires each work to be a specialized work. Specialization ties down a human being to the minutest work each hour, every day and throughout the life. A human being rotates throughout his life: either one of his hands or one of his legs; or smoothens a plank; or cuts clothes—when a human being is thus expected to do the same kind of work throughout the life, that work will result in a dreadful punishment. This situation kills the interest and pleasure in the work. Further, if the workers use the same in their work, that limb will soon become useless. This situation subjects workers to specific kinds of physical and mental diseases. All the diseases that result due to conditions in the industries are 'industrial diseases'. Under capitalism, diseases due to specialization too are added to the diseases which workers acquire due to poverty.

Though specialization involves all these disadvantages, some of its positive aspects have developed while they are advantageous to the capitalist. It is the capitalist himself who appropriates the increased production carried out by the specialized workers. This means, positive results are meant for the capitalist and the negative results are for workers!

Specialization system divided a 'total labour' into manual labour and mental labour. In the past, when a peasant or an artisan organised his production activities, he used to thin himself and take decisions concerning his activities. His mental labour and manual labour were together in his production activity. Even in the Guilds, each labourer used to think for himself about his work and do the work (though under the direction of the Master). Here, in the stage of Manufacture, no labourer does the work of an article in entirety. As every labourer does only one small phase concerning the article, no labourer will have any scope to think about the total process necessary to make the total article. Both mental labour and manual labour that are necessary to make an article will split into different kinds of labour which different individuals do. While drawing plans with regard to the article is the initial duty of certain individuals, making each individual part will be the duty of certain other individual persons. The work concerning each individual part will again split into smaller parts.

Owing to this system, people will split into those who exclusively perform 'mental labour' and those who exclusively perform 'manual labour'. They once again will split into those who perform 'skilled labour' and those who perform 'unskilled labour'.

Only one kind of production is carried out in a given 'place of production'. Either making of pots, benches, garments, or providing medical treatment and so on. All these are not produced in the same place of production. If we compare tailoring and medical treatment, the value of the labour power of medical treatment is greater than the value of labour power of tailoring. Therefore, the medical person will have a higher status than the tailor. That is, there will be hierarchical differences between these two persons. These hierarchical differences did not enter into the place of production until the advent of manufacture. It entered into the place of production only when different workers began to perform different phases of a single article.

Let us consider that, of the two kinds of work necessary to make garments, cutting work is a skilled work and tailoring work is an unskilled work. If the same person performs these 2 phases and completes making of the shirt, it amounts to the fact that the worker has done both skilled as well as unskilled work. When two workers stitch 2 shirts separately in this manner only, one of the workers would not become a skilled worker and another would not become an unskilled worker even if there were some differences between these two kinds of work. As both the workers perform the same kind of work, they will be equals in the place of production. But if the method of working changes in such a way that one worker always does the cutting work and another stitching work, the cutting worker will become skilled worker while the tailoring worker becomes unskilled worker.

Take whatever product, there will necessarily be certain phases in its making. If one phase requires manual labour, another phase requires mental labour. Again, within each phase, skilled labour may be required for some time and unskilled labour may be required for some time. All phases do not require the same kind of productive forces and the same kind of skills. When there is a system in which all phases of making an article are carried out by the same worker individually, there won't be such a distinction as one worker being higher and another lower. But in a system where all these phases are separated and where different individual workers carry out those phases, one worker would become mental labourer and another becomes manual labourer. Within that, one worker becomes a skilled worker and another an unskilled one. They thus split into various kinds. In this manner, the hierarchy existing outside the processes of

production until the advent of Manufacture entered the places of production as well.

The hierarchical differences at the place of production is specific only to the Capitalist Mode of Production. These did not exist in the earlier societies.

'Capitalist division of labour' is such a division of labour in which a worker always does only one fragmentary phase concerning an article. It is a division of labour that had arisen with such features as are necessary to yield 'greater surplus value' to the capitalist. Hence it is a division of labour with capitalist character. It is wholly a capitalist creation.

Any given society that involves any mode of production requires division of labour. The 'new society' too requires division of labour. No society can carry on processes of production without division of labour.

To say that the New society too requires division of labour does not mean that the division of labour should be in its capitalistic form. The 'new society' should not accept any aspect as it is from capitalism. It should not accept even the division of labour in its capitalistic form. This does not mean that we should adopt the division of labour, which existed before the stage of Manufacture so that there won't be any harm to labouring people due to the division of labour. The division of labour of the past societies simply kept the labourers as isolated producers. Since the process of production under that old division of labour did not yet acquire collective nature, it would amount to abandoning the progress achieved by the history if we went back to that old division of labour. The new society need not abandon any aspect of the progress rendered by capitalism. We have to eliminate its harmful features. Capitalism gave rise to specialization. We have to retain it. But, this system of specialization also led to the separation of manual labour and mental labour and led to a situation where an individual is always tied down to the same kind of labour. We have to get rid of these features completely.

Let us suppose that two persons, instead of each always performing either only mental labour or only manual labour, interchange their respective labour for a certain period of time. Then, what will happen? Similarly, what will happen if a person does different kinds of work? Whatever work he does at a given point of time would reckon as a specialized work. Performing such specialized tasks alternately amounts

to elimination of the situation wherein 'a person is tied down to the same kind of work'.

A person can acquire skills in certain tasks even while doing different kinds of work. Each one could function as a person who performs certain ordinary tasks and certain skilled tasks.

All those who participate in a given process of production can discuss and arrive at a decision collectively with regard to all the aspects concerning the products to be produced. When all those who participate in a process of production discus and decide collectively with regard to all issues such as: What sort of raw materials should be used? What methods of work should be adopted? How to use instruments of labour? What sort of distribution should be followed? --then, it amounts to working together of manual labour and mental labour in a coordinated manner. Moreover, this process will become complete if manual labourers switch over to mental labour and mental labourers switch over to manual labour. Following these methods, we can resolve all the problems, which the capitalist division of labour created. In this process, we can formulate a 'new division of labour' which is in accordance with the total development of human beings. This means, it is obligatory for the new society to change the capitalist division of labour into new division of labour instead of following it as it was in earlier times. If it does not change so, the labouring people remain set apart in superior and inferior status. The differences in their income and other features that harm the mental and physical comforts will remain as ever. If such differences so continue, it becomes impossible forever to establish a non-contradictory new production relations in the society. We have treated this question in greater detail in the chapter 'Value of Labour Power' in volume 1.

As the new society does not exist in the view of capitalist economists, the 'new division of labour' too does not exist for them. Whatever division of labour they find in the society in which they live, the same is the proper division of labour for them. They do not at all notice the fact that whatever division of labour that exists in the society is some thing that increases the profits for capitalists and it is not in the interests of the labourers. In the view of these economists, society is nothing but the Capitalist society. Mode of production is nothing but the Capitalist Mode of Production. Cooperation is nothing but the Capitalist cooperation.

Division of labour means nothing but Capitalist division of labour. Thus, every thing that they observe is right and irreversible.

But when some thing appears to be 'right' outwardly, its negative effects too—if it has a negative side—will manifest themselves outwardly. The society perceives that fact at some level or the other. It is not possible even for the exploiting class to ignore the negative aspect completely.

There have been some economists too who perceived at some level or the other the negative aspects and treachery of capitalist division of labour. Even though they did not understand the actual fact that this division of labour has the nature of developing profits for the capitalists, they were able to perceive its negative effects.

An economist named Adam Ferguson wrote elaborately (in 1767) about the disadvantages of the division of labour, which Manufacture created. He observed thus: **"And thinking itself, in this age of separations, may become a peculiar craft"** (Capital-1, page 342, Moscow edition 1974).

In 1804, another economist named Beccaria considered this division of labour as something that separates head and other limbs. He said that **"the producer could produce things skillfully and in large quantity as well using both his hands and head in the same work".** What he meant was that 'mental labour and manual labour need' not be separated in order to carry on more production.

Urquhart, another economist observed thus: **"To subdivide a man is to execute him, if he deserves the sentence, to assassinate him if he does not...The subdivision of labour is the assassination of a people".** (Capital-1, p.343, Moscow edition 1974).

Smith too had some good words about this division of labour: **"The understanding of the greater part of men are necessarily formed by their ordinary employment. The man whose whole life is spent in performing a few simple operations...has no occasion to exert his understanding...He generally becomes as stupid and ignorant as it is possible for a human creature to become...The uniformity of his stationary life naturally corrupts the courage of his mind...It corrupts even the activity of his body and renders him incapable of exerting his strength with vigour and perseverance in any other employment**

than that to which he has been bred. His dexterity at his own particular trade seems in this manner to be acquired at the expense of his intellectual, social and martial virtues. But in every improved and civilized society, this is the state into which the labouring poor, that is, the great body of the people, must necessarily fall". (Capital-1, p.342, Moscow 1974).

This capitalist division of labour has such unnatural aspects that even an economist, who is disinterested in labourers, is compelled to notice them. Hence, even the capitalist economists too could not restrain themselves from expressing some opinion or the other however vaguely it may be. Finally, they say thus: "This division of labour which is meant for specialization is very bad. But, it is inevitable! It is pitiful that labourers have to remain in that condition alone". They do not know as to what to say more than this. In their view, capitalism is an eternal system. Hence, its division of labour is the eternally required division of labour. To know the fact that 'we can change this division of labour', one should first know about the surplus value extracted by the capitalist from the labourer. The economist who is unable to know this fact, curses the evils which he sees in the division of labour and finally concludes thus. "Well! It is inevitable! The society needs division of labour, can it? Society cannot exist with division of labour, isn't it? The 'labouring poor' (to use Smith's words) should have to live in this situation". Finally, these economists arrive at a conclusion favourable to the capitalist. All the earlier 'shouts' at the evils would vanish into thin air.

The capitalist economists too were able to understand to a large extent the evils that outwardly appear in the capitalist division of labour. But, it was only Marx who understood the fact that "This division of labour has capitalist character. It is specific to capitalism only. The working class must change this into a new division of labour". It became possible for Marx to understand every thing from the working class perspective because he discovered 'surplus value'.

However many the characteristics that harm labourers in the division of labour of Manufacture, this division of labour could not destroy completely the particularities of labourers at this stage. It is so because the entire work by then was still carried on by the tools. Work was still carried out by means of physical strength and capabilities and the personal skills of the labourers. Each skilled trade had trade secrets. In the ancient

society, people in a family used to acquire the occupational skills from one generation to another just as they practised occupations hereditarily.

To carry on skillfully any work—either tailoring, weaving, carpentry or balacksmithy—many years of training is required. It was impossible to give up one trade and take another under the period of Manufacture. Hence, the division of labour of one person doing only one trade existed in an unchanged and definite specific conventional form during the Manufacture period.

> In Marx's words: "Manufacture, in fact, produces the skill of the detail labourer, by reproducing, and systematically driving to an extreme within the workshop, the naturally developed differentiation of trades which it found ready to hand in society at large. On the other hand, the conversion of fractional work into the life-calling of one man, corresponds to the tendency shown by earlier societies, to make trades hereditary; either to petrify them into castes, or whenever definite historical conditions beget in the individual a tendency to vary in a manner incompatible with the nature of castes, to ossify them into guilds. Castes and guilds arise from the action of the same natural law, that regulates the differentiation of plants and animals into species and varieties, except that when a certain degree of development has been reached, the heredity of castes and the exclusiveness of guilds are ordained as a law of society". (Capital-1, p.321, Moscow edition 1974).

(Here we are especially interested in 'castes'. Owing to the division of labour that existed in the past societies, trades had been formed and gradually petrified into castes. Though castes appear today as social phenomena unrelated to 'trades' (occupations), they are intimately and wholly connected with trades and exploitation of labour. Therefore, the way to eliminate castes is nothing but elimination of exploitation of labour and division of labour of exploitative society).

As the situation in which work depends on the individual ability, capability and the skill of the labourer is still in tact (this situation will change into a different form subsequently), the subordination of the labourer to the capital has not yet taken place completely. This situation is an obstacle for the complete control of capital over the labour power.

Hence, complaints about 'want of discipline' among workers were heard throughout the entire period of manufacture. For the capitalist, want of discipline among workers meant that the labour power has not yet become subservient to capital in every respect.

Manufacture mode of production has evolved certain positive aspects in the 'process of production'. Even though, all those aspects have been useful to exploitation both then and now, the society will receive their advantages if it can separate them from exploitation.

The knowledge with regard to such questions as "how many workers should be there in any phase of the process of production and what is the proportion between the numbers of workers that participate in different phases?" had developed during the period of manufacture only. These proportions have been changing whenever there occur changes in the productive forces. It was only the period of Manufacture only that started this technical knowledge.

Let us suppose that cutting and stitching are carried on in different sections of a ready-made garments industry. Let us also suppose that it takes ½ hour to cut 1 shirt and 1 hour to stitch it. Will it be enough if there is one person in the cutting section and one person in the stitching section? No, it won't. It is so because, stitching work does not take place as quickly as cutting work. If there is one person each at 2 places, the cutting-person remains idle half the time during a working day. In order that the cutting-person has full work, there should be two persons in the stitching sections. This means, if there is one person in the cutting section and two persons in the stitching section, there will be proportionality between the two jobs. If there is one person in the cutting section and three persons in the stitching section, there won't be full work for stitching persons. Only if there is 1 person in the cutting section and two persons in the stitching section, all the three persons will have full work. This is the technical condition related to this 'process of production'. The capitalist should engage labourers according to this calculation. If the capitalist wants to expand the level of his production, he has to engage again three more persons and he cannot engage one or two persons. Thus, the proportionality is established owing to the collective nature of the 'process of production'. Further, the features of regularity (that is, carrying on work daily and compulsorily) and continuity (that is, carrying on work continuously for certain hours) had been formed during the period of Manufacture only.

The fact that there is a relation between the value of a commodity and its labour time became clearly evident during the period of Manufacture only. This means, it was only during this period that capitalists and economists perceived (though their perception still had many short-comings) that 'value means labour time only', that we can reduce the value only when we reduce the labour time, that there is a necessary relationship between the labour time and value. The separation of Economics as an independent science (that is, not remaining as part of other sciences) occurred during the period of Manufacture.

Beginning of capitalism in agriculture too occurred in the Manufacture period only. Capitalism in agriculture began only after it began in industry. Capitalism in agriculture simply means stretching of the capitalist's hand onto the sphere of agriculture. The landlord takes away 'his' lands from the tenant-peasants, who have been cultivating them for generations together, and gives them to the capitalist for rent. The capitalist himself would pay rent to the landlord. The former tenant-peasants would become labourers on that land. In agriculture, where until then feudal relations existed (feudal relations involve cultivation of the land by the labouring peasant himself and payment of rent by the peasant to the landlord), there begin capitalist relations in the period of Manufacture. The capitalist relation is nothing but the situation where producers who work themselves (the former peasants) lose means of production (the land) and become alienated as those who sell their labour power. In order to occupy the lands, the capitalists had driven away the feudal peasants from their lands. In Ireland, capitalists, in order to produce and sell 'wool', occupied thousands of acres of land (of course with the consent only of landlords) and converted all the agricultural lands into sheep-rearing farms. The same population, which was hitherto necessary to work on those lands, are now not necessary. Manufacturers opened up new branches of production in towns by employing the rural population, which migrated to the towns from villages.

The race of capital for 'relative surplus value' went on enthusiastically during the period of Manufacture.

The handicrafts period together with Manufacture period gave to the society the printing machine, gun-powder, automatic watch, compass etc. Smaller machines meant to do smaller jobs too began during this period. There were no engines for the machines of this period. Only human

beings used to rotate with hands and peddle with legs. Machines were operated with the help of animals as well. These machines used to perform a single and isolated operation only. The paper mills used to grind the pulp of the raw materials in the making of paper. The stamping mills used to grind raw ore in metal making. The water-run wheel was a primitive form of a kind of machine. The floor mill too belonged to this period.

The 'technical foundation' of the Manufacture underwent revolutionary changes as a result of introduction of 'large scale machines' into the process of production.

Questions :

1. What does 'division of labour' mean?
2. What was the change in the division of labour in period of Manufacture?
3. Labour-process began to be carried on collectively. What does this mean?
4. What does 'capitalist division of labour' mean?
5. Every person who performs the same kind of work all the time will develop disinterest in his work. Explain this point from your experience.
6. Exploitative division of labour is the root of social inequalities. How?
7. Compared with the time that a worker takes to do 2 different jobs together, it takes less time if different workers do the 2 jobs. Explain this with examples. Give any example other than that of the shirt.
8. A person may be doing a higher level of mental labour; yet he would remain an incapable person who cannot do any other work. Explain this point with some examples.
9. Can we say this?: "A person tied down to the same kind of work all the time and a bull that grinds the oil seeds by circling in a limited space.

10. There should be specialization. However its evils should be eliminated. What is the solution to achieve these two objectives?
11. What are industrial diseases? Write about some of the industrial diseases that you know.
12. What is 'hierarchy'? What is the difference between a tailor and a doctor?
13. How to transform capitalistic division of labour in to a new division of labour?

●

Chapter 3

Machinery and large-scale industry

The interest of human beings in the natural science together with the capitalist's avarice for 'relative surplus value' led to the large-scale machinery.

The same kind of 'tools' which the human beings used during the handicrafts period are incorporated in the 'machine'. The workers used to work with the 'needle' during the period when tailoring was done by hand. The same needle would serve as a principal instrument in the sewing machine as well. Tailoring work is done only by means of it. The worker used to work with the 'saw' during the period when the woodcutting was done by hand. There will be a knife in the paper-cutting machine. Same is the case with almost all machines. The same tool that is used in handwork will be found as the principal tool in the machine that is used in that work. A machine is the developed form, which incorporated in itself a tool.

If a person rotates a machine with his hand or peddles it with his foot, he is using his muscle power to operate the machine.

Then that machine would be simply a 'hand machine'. The machine as yet exists only as a 'tool'. The only difference is that it is a bigger tool.

The worker can, at his will, put the tool in motion or stop it whenever he wants. The movements of the tool are dependent on the will of the person who works with that tool. Even when a person operates a machine either with his hand or leg, a bigger machine too, like a hammer and scissors, would be subordinated to the movements of his hands and legs.

But, when a person need not operate a machine himself and can operate it with the help of an engine, such a machine will be an automatic machine. It makes no difference whether the engine-run machines are operated by means of water, wind, steam, electric current etc. If a machine can run on its own without the need of human muscular power, then it is an 'automatic machine'.

When a change occurs whereby a machine runs on its own, the relationship between the worker and his instrument of labour (machine) would change into another form.

The number of tools that a human being can handle at a time when he works with tools is dependent on the human physical (bodily) structure. Therefore, a human being cannot use at a time more than one or two tools. But, there is no such limit to an automatic machine. It can incorporate into itself any number of tools at different places. As the human beings understand more about the technical aspects of machine building, they can build a machine in such a way that it can perform many operations with many tools at a time. Gradually, they can even change the machine based on their experience.

A machine that can perform more operation (more than one) is called a 'large machine'.

We have seen that, though there were certain kinds of machines during the period of Manufacture, there were no engines, which ran the machines automatically. Therefore, they were able to perform only one operation and not many operations at a time. In the work of making paper envelopes, one person used to fold the paper with the help of a hand-machine, another person used to apply paste with another hand-machine and the third person used to stamp it. But if we take a large machine that performs four or five kinds of operations, it carries out serially all the operations, namely, cutting, folding, applying paste, stamping and keeping the envelopes in an order. What the workers have to do at the machine is to look after the engine. They have to supply raw materials to the machine.

Depending upon the nature of the product, they have to observe each phase or once in a while, how it goes from one phase to another. They have to remove the spoiled products, see that the products move in an order, and make necessary adjustments without diverting their attention. Finally, they have to take the product out of the machine and keep it ready for the next phase and so on.

A large machine is a chain of simple machines that perform different operations. There would be an inseparable connection between all these simple machines. The raw material that enters into a large machine, passes through certain processes, changes its forms and comes out as a finished new good.

Automatic machines are normally large machines that perform more than one operation. Large-scale Industry is a system of production, which involves automatic machines. Whether you call it 'machine-based industry' or 'large-scale industry' or 'factory production' or 'modern industry', these are but different names of the system of production based on machinery.

The entire 'history of the machine' began with corn flour mill. Hence a factory is still called a 'mill'.

John Whatt inaugurated the 18th century industrial revolution by inventing the spinning wheel in 1735 in England.

In the beginning, machines were located in those areas where water and coal were available.

Building machines and operating them are not possible with vague and partial knowledge. Ability of human beings to operate machines implies that they are able to grasp the phenomena of natural sciences with a clear-cut understanding.

Large machines bring into practice the collective forms of production in the place of handicrafts. This is how it is possible: when work is carried out with tools, it is possible for individuals to perform their respective work separately in the sense that each individual will be performing all the stages of a product. But, it is not possible for labourers to do their respective work individually if they have a large machine as an instrument of labour. The operations of all the workers are linked with the machine and are interwoven around it. If a person stands at the place of operating

the machine, another person stands at the place of supplying raw material to the machine and the third person should stand at another point. Even if the labourers stand at different places, they have to have mutual relations and work together. Though a change whereby labourers work in a collective organisation occurred even in the period of Manufacture itself, it became a more definite technical necessity in the system of large machinery. Therefore, we can say that machines replace wholly the role of handicrafts, which constitute an individual system of collective production.

Here we have to see in a sequence many things concerning a 'machine'. About the value necessary for producing a machine; about the value that machine-capitalist could save; about the specific role that a machine plays in capitalist system of production. Thus we have to examine many questions concerning the 'machine'. 'Machine-system of production' is another name of 'capitalist system of production'. It becomes impossible to understand capitalist system unless we clearly know about machine-system.

How did a 'machine' come into the 'history of productive forces'?

The capitalist goes to the market and buys a machine. He only knows that 'machines are sold in the market'. The fellow is not bothered as to how they come into the market and why they have not been there in the market since the earlier times.

Machine building was possible due to the experiences derived from the manual and mental labour of hundreds and thousands of generations. The history of the sewing machine began some thousands of years ago with a 'needle'. If once upon a time needle was not there, there would not have been a sewing machine today. To the history of sewing machine, we have to also add all the experiences that led to the birth of the 'needle'. 'Either the experiences of the past or the science relating to machine building or ability to operate machines' are all concerned with 'labour'. Machine had evolved out of the long 'history of labour'. The machine did not evolve out the property rights of the capitalist who has nothing to do with labour. If any capitalist invents a machine in his capacity as an engineer, he would stand out not as a capitalist in that context, but as a labourer who gave labour. That machine stands as an object that arose out of labour.

As the machine is formed as a consequence of integration of many laws of nature, it would increase the labour productivity to an extraordinary level higher than earlier. The emergence of a machine that can produce on a large scale indicates the fact that the human society, after crossing its animal stage and beginning to do labour, was able to develop its instruments of labour so much with its experience of many generations. It also means that it was able to acquire such a high productivity. It is simply the accomplishment of the 'history of labour'.

But the fruit of this accomplishment goes to the capitalists instead of to the labourers. If we compare the productive power of a machine with that of the instruments of labour that existed earlier, this power will be many times more. and the production by means of a machine will increase many times more. But it is merely wages, as usual, that the labourers get out of the mass of production obtained by means of this new productive power. The rest of it goes to the capitalist and 'profit' (surplus value) increases many more times than earlier. The capitalist does not know the 'real' cause of the growth in profit. The real cause is that, however much the productivity rises and however much production comes out, what goes out of that production to the labourers is simply 'value of labour power'. Therefore, profit increases whenever productivity increases. Since profit increases only when a new machine is introduced, the capitalist thinks thus: 'my new machine is the cause for the rise in profit'. Thus whenever a new machine is introduced into a work place, it appears as though the machine itself is the cause for the rise in profit. The notion that 'instruments of labour' alone are responsible for obtaining profit gets further consolidated due to the machine.

However large a machine may be, it is merely a 'life-less object'. Like hammer and scissors, a heavy machine too is an instrument in the hands of labourers. To say that 'this machine alone is responsible for the capitalist's profit is akin to saying that it is this hammer or it is this scissors which is responsible to the capitalist's profit.

If it is to produce an object (a use value), 'Instruments of labour' too are responsible, along with the labourers. But to produce 'value', no instrument of production is responsible. We have seen this aspect earlier in greater detail. However high a value it may possess, a machine will not give more value than its own to a commodity which is produced through it. In this respect, a large machine that can perform a thousand

operations at a time is akin to a little pin. But because large-scale production is carried out by means of a large machine by and because huge profits are obtained by using it, it appears as though a large machine itself is responsible for such huge profits.

With the introduction of a machine into the 'process of production', profit becomes even further a mystified (secret) thing.

The large machine that had emerged out of the history of labour will become a great boon to the capitalist. Every thing that has become a boon to the capitalist will necessarily have to become a 'curse' for the labourers.

In Manufacture, the entire 'process of production' will be under the control of workers whether they work with tools or hand machines. If the worker stops, the tool stops; if the worker moves, the tool moves. The movements of the tool will be in accordance with the movements of the worker. The worker uses the tool in a way, which is convenient for him. He keeps it under his control. But in the case of an automatic machine, the situation of the worker will be different. If once the machine moves the worker will have to be in tune with its movements. Which means, instead of instruments of labour being under the control of the labouring person, the labouring person will be under the control of instruments of labour. This becomes a technical necessity in the process of production that is carried on by means of automatic machines.

A machine functions by means of certain laws of nature. It moves in the same manner uniformly. It moves on its own. Owing to these reasons, it is imperative on the part of the labouring people to act in accordance with the needs of the machine. Because of this technical necessity, observance of a discipline not existing hitherto becomes necessary for the workers while working with a machine. This discipline is a natural requirement. To observe discipline, which is required while working with a machine, does not mean to be subservient to the machine. Human beings should necessarily follow certain 'rules' while working with machine if they want to get certain comforts from the machine. It only means that they have to take necessary precautions; and not to be subservient to the machine. But, under capitalism, the whole situation exists in a reverse manner. This implies that under the capitalist production process labourers are subjected to all possible losses due to machines. This will be in the form of subservience of labourers to the machine.

There occurred a big change in the personal capacity and skill of the worker due to system of production by machinery. All the abilities and capacities a person possesses to do work with tools are simply the personal abilities and capacities of that person. But while working with a machine, the personal abilities and capacities which a person demonstrates are not required since all the work related arrangements are incorporated in the machine itself. A person who works with a power loom need not demonstrate in the same manner those abilities and capacities which he demonstrated in the past when he wove on a handloom. If weaving is carried on by means of a machine, the worker should stand at the machine and regulates the supply of the raw material. Though that work too requires special technical knowledge and experience, it is not akin to weaving by a labourer with his hands. If 10 workers work on a machine, the objects produced will be identical on all occasions. This is, in a way, freeing the production process from the human limitations. This change implies that a person need not demonstrate the skill, required to do a work, in the form of his physical ability and capacities only. Hence it amounts to emancipation of human beings from the labour process to a certain extent. But, there will not be complete emancipation of human beings from the labour process even when a very big machine is introduced. It will never happen that a machine on its own produces without the need of human labour (living labour). Work by means of a machine implies that it is human beings who built it and it is the human beings who are operating it. It does not mean that a machine, because it is large comes into existence on its own and it functions on its own without any relation to human beings. Human beings built gradually such a large machine just as they once made small tools as their instruments of labour. Like a tool the large machine too is an instrument of labour in the process of production which human beings carry on.

But as work done is hundreds and thousands of times more by a machine than by a tool, it appears to the capitalist that machine itself is a great power and machine itself is the principal productive worker. Hence, that fellow says to his workers: "How little is your labour compared to my machine! How little is your skill! Does it matter if you exist, or if you don't!"

The capitalist would realise how life-less that big thing is and how big a living human being is if the workers stop operating the machine and say: "Okay! See what will happen if we don't exist!"

A worker can work (with tools) without a machine, but a machine cannot work without a worker. A machine cannot move without the living touch of a human being. Then it would remain without a movement for any length of time. The capitalist, top-most stupid that he is, does not know who the actual producers are and arrogantly believes that the whole power of the machine is nothing but the power of his own capital. That 'intellect' of the capitalist does not realise as to why the capital did not possess such a power during the Guild period and why large-scale machinery did not come into existence when capital came into existence.

Machinery did not come into existence along with the capital simply because human beings did not by then acquire the knowledge of natural science and experience necessary for making machines. Such knowledge develops from the labour processes but does not arise from 'capital'. **The scientific knowledge does not come out of the mass of money of the capitalist. It comes only out of 'labour'.** That is why machine building had not been possible until the experiences of labour processes of several thousands of years had been accumulated. Thus quite a long time had passed without a machine even after Capitalist Mode of Production had begun.

'Capital' too has a necessary relation with the machine. But it is merely an external relationship (superficial relationship). The external conditions relating to machine building include bringing the workers to a single place in large numbers and providing money (we will soon see that the money too is not his) and resources necessary for scientific experiments. If the relationship between 'machine' and 'labour' is 'internal relationship', the relationship between machine and capital is an 'external relationship'.

In the factory system (system of production by means of machinery itself is factory system), a change begins with respect to the 'division of labour'. If it requires five or six years for a weaver to work skilfully on a hand loom, five or six months' training would be enough for him to work on a weaving machine. Few weeks training only would be enough to work on certain machines. As the entire work structure is built within the machine, the duty of human being would simply be operating that machine. Hence, it would be easily possible for the human being to change from the work of operating one machine to the work of operating another machine.

During the period of Manufacture, however, it was not possible until many years for a person to change from 'weaving' to 'tailoring'. As the condition there (in manufacture) is such that each work has to be performed with personal skill by means of tools, it is not an easy thing to change from one work to another. But, since any machine can be operated with least training under factory system, a technical situation arises where by a person can perform any kind of work. Hence, it is possible for the workers under factory system to change into many jobs.

The division of labour, whereby a person is tied down to the same kind of labour, is not so much crystallised under large scale industry as it was under manufacture. The large-scale industry can form the material basis that enables people to learn several jobs within the shortest time and to perform entirely different kinds of jobs in a single day. This situation is 'revolutionary' in its nature. However, social 'changes' that are appropriate to make use of this situation will not occur here as well. As this large-scale industry too is subject to the capitalist limitations and regulations, the whole process of production here also involves the capitalist division of labour only. Large-scale industry requires specialisation. Hence, here too, the same system whereby 'one person performs only one kind of work' continues. Here also, worker always remains at the same machine and in the same work place. The life-long speciality of a worker who performs the same kind of work by using tools in period of Manufacture will become the life-long speciality of working at the same machine. A person becoming an appendage always to the same machine amounts to becoming a part of the machine like a wheel, nail or some other part of the instrument. This amounts to equating the human being with the components of a lifeless machine. Thus, this amounts to misuse by the society of a great knowledge called 'machine'.

Though the emergence of machine shook the old narrow technical basis, capitalism ties down the workers to the old division of labour and continues to reproduce the same. All this is bound to happen so long as machine remains within the capitalist relations. As the capitalist wants the work to be done by the specialised labourers who are appended to the machine and became part of it, the division of labour will never change in accordance with the interests of the labouring people as long as capitalism exists.

Depending upon the structure of the machine and the nature of the commodity to be produced on that machine, either only one worker has to operate the whole machine or one worker each or batches of workers have to work in each of the phases of production. Co-operation in large-scale industry assumes the form where workers work together at a machine or it assumes the form of a co-ordination among different workers who operate specialised machines that have a structure relating to special tasks.

The two aspects, namely, separation of manual labour and mental labour necessary for the process of production and the lordship of mental labour over manual labour will remain in the large-scale industry also. Moreover, they will have reached the final point by now. The person, who has to operate the machine, will not have any role in the designing of that machine. This amounts to the separation of manual labour and mental labour. The machine, which has been brought into existence by mental labour (of course, owing to the experiences derived from the operation of earlier instruments of labour by labourers) consists of techniques by means of which a worker can be exploited excessively. This amounts to the lordship by mental labour over manual labour.

In a large-scale industry, there arises a situation whereby 'hierarchy among the workers' which existed in Manufacture system would be eliminated. The boundaries between 'skilled jobs' and 'unskilled jobs' which hitherto existed during the handicrafts period would erased when all those jobs would begin to be carried out by means of machines. Owing to the situation wherein the same worker could learn several kinds of jobs in a very short period, here it would be possible for a worker to perform certain skilled jobs and certain unskilled ones. This situation provides an opportunity to eliminate the hierarchical differences. While creating, on the one hand, such an opportunity, the system of machinery, on the other hand, can further increase the difference between manual and mental labour. In this form the hierarchical system remains as ever.

1. Value that adds to the commodity from the 'machine'

Tool..... an instrument of labour with less productivity.

Machine... an instrument of labour with greater productivity.

If 'needle' is a 'tool', 'sewing machine' is a 'machine'.

If 'scissors' is a 'tool', 'cutting machine' is a 'machine'.

If 'plough' is a 'tool', 'tractor' is a 'machine'.

A machine, that possessed a given degree of productivity at a given point of time, would gradually become better and better, and after a few years it may change into a machine that possesses greater productivity than before.

Whether a machine replaces a 'tool' or a 'machine with greater productivity' replaces a machine with less productivity, all the aspects of the 2 examples are the same. If both the old one and the new one were machines only, the new machine would have greater productivity than the old one. The new one could set aside the old one simply because it possesses greater productivity. To make our example simple, here let us call an instrument of labour with less productivity, 'tool' and call an instrument of labour with greater productivity 'machine'. With these meanings, we have to begin our discussion of the terms 'tool' and 'machine'.

Either 'tool' or 'machine' come under the category of 'fixed means'. We have seen in the past the manner in which a 'fixed means' transfers its value to the commodity. Fixed means stands in the work place along with its entire value. But, it transfers only parts of its value to the commodity in a piecemeal manner. By the time that fixed means becomes worn out completely, its total value will have reached the commodity. With the 'total value' thus returned, a new machine could be brought into the 'work place'. Let us supposed that the value of the new machine is greater than the old machine because it is a better one. The capitalist would buy it with that increased value. The value that would be transferred from the new machine to the commodity will be in accordance with calculations concerning the new value.

If we examine the question as to 'why is productivity increasing', the experiences obtained in the process of performing labour constitute natural causes. The knowledge obtained from the experiences alone will keep on increasing the productivity. We have seen earlier itself that the phenomenon of 'competition' under capitalism adds to it. (We have seen this point when we discussed the 'Relative Surplus Value' in the chapter on 'Working Day' in Volume 1).

The capitalist always tries to raise the existing productivity with a view to appropriate more profit than others by getting his commodity produced with less expenditure and sell it for the same value at which others sell it. These attempts alone will keep on 'improving' instruments of labour further and further.

However, changes will also take place in the factors of labour that are transferred to the commodity even when least changes take place in the productivity.

Many problems concerning the 'value' will crop up when a capitalist either improves his own tool or replaces the tool by the machine. Those problems will depend upon many situations, which we are now going to examine.

What is the value of the old tool, which was already there with the capitalist? What is its productivity? What is its life span? What is the value, which it transfers to 1 commodity?

What is the value of the new machine, which the capitalist brought after replacing the tool (by selling it to a small-scale capitalist)? What is its productivity? What is its 'life span'? What is the value, which it transfers to 1 commodity?

Will the value that goes from the tool to 1 commodity be more? Or, will the value that goes from the machine to 1 commodity be more?

Will the value of the commodity decrease or increase due to the replacement of 'tool' by the 'machine'? Should the value of the commodity decrease or increase?

How will the situation change if the other capitalists too raise their productivity just as one particular capitalist raised his productivity? We have to understand many things in order to understand 'productivity'.

When we speak of 'productivity', it is not something, which is concerned only with 'instrument of labour'. Productivity is a combination of instruments of labour and labourers. It is only from the 'process of production' that new experiences are derived. It is workers (both mental and manual labour) alone who improve the instruments and who work with new technological knowledge by using those improved instruments. Therefore, **productivity means: instruments of labour+labourers.** Hence, the value that is transferred from these 2 factors also change

whenever productivity changes. (To make our example simple, we need not consider raw materials etc. Similarly, 'productivity' is not concerned simply with the 'instruments of labour'. It is also concerned with the labourers. Yet, here, we will identify productivity in terms of 'productivity of tool' and 'productivity of the machine'.

Does it mean that the productivity has become doubled if a person could do by means of a newly procured small machine in 1 hour, the same amount of work, which he used to do with a tool in 2 hours? No! Reduction of 'living labour' to half does not amount to doubling of productivity. We should also know as to how a change occurred in the value that is transferred from the 'instrument of labour'. It amounts to doubling of productivity only if the 'total labour' that was hitherto necessary for 1 commodity becomes half.

Let us now see the value of 1 commodity that is transferred from the tool and also from the machine.

Tool-made commodity	Machine-made commodity
Labour transferred from the 'tool' — 1 hr.	Labour transferred from the machine — 1 hr. 10m.
Living labour — 2 hrs.	Living labour — 1 hr. 00
Total labour — 3 hrs.	Total labour — 2 hrs. 10 m.
As 'value' — 3 Rs.	As 'Value' — 2 Rs. 17ps

In this example, if we consider only the question of 'living labour', it appears as though productivity has become double. But, if we consider the question of 'instruments of labour' as well, that portion has not decreased than before. Moreover, it has increased than earlier.

On the whole, it amounts to an increase in the productivity since the 'total labour' in the 'machine-made commodity' has decreased. But, it has not become double. It amounts to the doubling of productivity only if the total labour becomes 'half'. But, in order to make our example simple, we can understand the productivity based on the change in the 'living labour'. As the living labour has become half in the example of machine rather than in the example of tool, we may consider that productivity became double.

A question: In this example, while considering the amount of labour that is transferred to the commodity, we have taken more labour from the machine than from the tool. Is this specific to this example alone or will it happen in every example?

The same will be the situation in every example. The labour that is transferred from the machine to the commodity will necessarily be somewhat more than the labour that is transferred from the tool. It is so because even if the productivity of the machine is many times (for example, let us suppose it is 2 times) greater compared to that of the tool, the value of the machine would be still many times (even more than 2 times) greater than the value of the tool.

Compared with tool, machine is very large. It is made of metals of higher quality than the tool. It is made in accordance with the laws of nature. Oil, electricity and such other substances are needed in order to operate a machine. The machine requires repairs many a time. All these expenses taken together constitute the total labour spent on the machine and it is much more compared with the tool. Therefore, the labour that is transferred to the commodity from the machine will necessarily be more than the labour that is transferred from the tool.

Now, let us see the old and new instruments of labour relating to the 'tailoring' labour.

Needle is a tool. Sewing machine is a 'machine'.

(If you consider 'hand sewing', needle is the only instrument of labour. There won't be any more fascinating example than 'hand sewing' which has the smallest, single instrument of labour. As the yarn, buttons, cloth—all these things are raw materials, they are irrelevant. As the 'scissors' is an instrument of labour concerning the labour of 'cutting', it is also irrelevant. (When we consider 'tailoring', we should simply examine its instrument of labour)

Example of Tool:

Let us suppose that the tailor makes shirts with 'hand sewing'. It takes 10 hours on an average to stitch 1 shirt. Let us suppose that the value of the labour of that 10 hours is Rs.6. (If 10 hours = Rs.6, 1 minute = 1 paisa). Let us suppose that the value of a needle is 2 paise and it lasts until 2 shirts are made and then it breaks. The labour relating the wearing

out of the needle along with the labour of a tailor constitute the 'total labour'. (We are not taking raw materials etc., into consideration).

Now, instead of 'needle', let us consider sewing machine.

The example of a 'sewing machine'. The tailor makes a shirt on a machine. The value of the machine is Rs.600, and it lasts for 10 years. Let us suppose that it takes another 600 for oil, repairs etc., necessary for the machine during those 10 years' period. When we consider the value of the machine, we should add all the expenses relating to it. Hence, the total expenditure of the sewing machine in 10 years is 1200. This should be considered as the value of the machine.

For 10 years 1200 rupees.
For 1 year 120 ,,
For 1 month 10 ,,
For 1 day 33 paise.

Let us suppose that a tailor makes 5 shirts if he works on this machine for 10 hours a day. The value of this 10 hours is Rs.6. (As the 'working time' both in the example of 'tool' and also the 'machine' is the same, its value (the value of those working hours) will also be the same. The working time is 10 hours. As the mass of products increases during that time due to an increase in productivity, its 'value' will not increase. The same 10 hours period will be spread over many products. If 10 hours time in the example of the tool goes into only 1 shirt, that time will go into 5 shirts in the example of the machine). In this example, it is 2 hours that takes for making 1 shirt. Its value is 1 Re, 20 paise.

If the expenditure relating to the wearing of the machine is 33 paise, it will be 6½ paise for 1 shirt.

The labour relating to the wearing of the machine and the labour of the tailor taken together constitute the 'total labour' necessary for 1 shirt.

Details of the Tool-made shirt	Details of the Machine-made shirt
Wearing of the tool - 1 m.	Wearing of machine-6½ m.
Living labour -10 hrs.	Living labour -2 hrs.
Total labour -10 hrs. 1 m.	Total labour -2 hrs.
As 'value' -Rs.6.1 paisa	As 'value'-Re.1.26 ½ ps.

What are the changes that have taken place in the formation of commodity value owing to the introduction of a machine in the place of a 'tool'?

Three changes have taken place.

(1) Labour that goes from the 'instrument of labour' has increased compared to the past.

(2) The living labour has decreased compared to the past.

(3) The total labour has decreased compared to the past.

The 'total labour' has decreased compared to the past simply because living labour has decreased; but not because the portion relating to the 'instrument of labour' has decreased. Nor, because the two portions have decreased to some extent each. It is merely because the living labour has decreased.

What the introduction of the machine has caused is that it has reduced the 'total labour' by reducing the portion of 'living labour'.

There will not be any difficulty in understanding these points. But, we have to carefully understand then by taking 2 or 3 kinds of examples.

The productivity of the tool ..... 1 shirt in 10 hours.

The productivity of the machine .... 5 shirts in 10 hours.

If the productivity of the tool is 100%,

The productivity of the machine will be .... 500%. Or, 400% more.

The value of the tool ..... 1 paisa for 1 shirt.

The value of the machine .... 6½ paise for 1 shirt.

If we suppose the value of tool as 100%, the value of the machine will be 650%. Or 550% more.

Comparing tool and machine:

Does it mean comparing 1 needle and 1 machine? No.

As both of them possess different quantities of value and different degrees of productivity, we have to compare the 'consequences' by considering those 4 aspects.

We have to compare either different quantities of value that go into 1 commodity: or different quantities of value that go into the 'commodities as a whole'. Results will be the same either way.

If we consider '1 commodity':

The value from the tool to the shirt ....1 paisa.

The value from the machine to the shirt ....6½ paisa.

This is how we have to compare the value of the tool and the machine.

This will be the essence even if we consider commodities as a whole.

Considering 'total quantity of commodities':

What does 'total quantity of commodities' mean? We assumed that 2 shirts would be made ready by the time 1 needle is worn out. It means, the total quantity of commodities that are obtained by means of needle are 2 shirts. But, if it is by means of machine, the total quantity of commodities will be several hundred times more by the time 1 machine is worn out. What, then, does 'total commodity' (or commodities as a whole) mean?

If we consider the total quantity of commodities made by means of a tool, then we have to consider the same amount of commodity that was obtained by means of a machine and then compare their value. Or, if we consider the total commodity made by means of the machine, then we have to also consider the same amount of commodity that was obtained by means of needles and then compare their values.

Let us now examine this point.

The total quantity of commodities obtained through a machine: The commodities that are made during the period in which a machine lasts is the total quantity of commodities. How much is it?

The value of a machine is 1200. The period of its durability is 10 years. Its productivity per day is 5 shirts. According to this calculation, this machine will make 18,000 shirts in 10 years. This is the total commodity obtained through the machine.

How many needles will be spent if this entire quantity of commodities is made by means of 'needles' (the tool)? What will be the value of those needles?

The total quantity of commodities consists of 18,000 shirts.

1 needle stitches 2 shirts. The value of 1 needle is 2 paise.

Needles necessary to make the total quantity of commodities are 9,000.

The value of the total quantity of needles is 18,000 paise=Rs.180.

In the example of total quantity of commodities—

Value of the tool	:	Value of the machine
180	:	1200
1	:	6½

Whether we consider 1 commodity or the total quantity of commodities, the difference between the value of the tool and the value of the machine is the same.

It is 1 : 6½

Let us put a question and answer it immediately.

In the tool example, 1 paisa has gone into the making of 1 shirt; isn't it? Then why can't we take an example as if the same thing has happened in the example of machine as well? That is, why can't we take an example as if 1 paise alone has gone over to 1 shirt from the machine as well. We have assumed that the value of the machine is 33 paise per day and the productivity of the machine is 5 shirts per day, had we not? But, if we keep the value of the machine unchanged and assume that the productivity of the machine is 33 shirts per day instead of 5 shirts? Then, it will be 33 paise for 33 shirts and 1 paisa per shirt. Then, the labour that goes into 1 shirt from the tool as well as machine will be the same, will it not be so? The question, therefore, is : Why can't we assume the productivity of machine as to be high?

Answer to the question is very simple. In any problem, we cannot make just any assumption. We have to see whether or not is 'logical'. This is the answer.

It is a meaningless assumption that the amount of labour that is transferred from the 'tool' as well as from the 'machine' is identical. Because, the value that is transferred from the tool and the machine will be the same only if their values are identical.

But, the value of the tool and of the machine will not be identical since their structures are not the same. The structure of a needle, which makes 1 shirt in 10 hours, and the structure of a machine, which makes 5 shirts in 10 hours, will not be the same. As there will be many improved arrangements in the structure of a machine, it would have higher productivity.

There should occur many more changes in the old instrument of labour in order to raise productivity. Arrangements that yield new technology should be made in its structure. Unless the old structure changes a lot, the productivity will not rise. Changing the structure involves expenditure of more value than in the past. That is, increase in productivity means increase in the value of the instrument of labour as well.

If an instrument of labour has a certain degree of productivity and a certain amount of value, then a new instrument of labour made in such a way that it yields higher productivity will necessarily have more value than the existing instrument of labour.

It means that the value of a machine will necessarily be greater than that of the tool if the machine should possess higher productivity than the tool.

However, there is no rule that the rise in the 'productivity' and 'increase' in the value will be of the same proportions. Even if the value increases by 100%, the productivity may not rise by 100%. Or, the productivity may rise higher even accompanied by a lesser increase in the value. It depends upon the technical conditions that are specific to a given labour.

Whatever be the relation between the increasing value and rising productivity, productivity will not rise without the occurrence of some additional changes in the 'tool', that is without the expenditure of further more value.

In the example of the sewing machine, initially, we assumed that its value per day is 33 paise and its productivity per day is 5 shirts. In that example, it is not possible to keep the value constant and consider productivity as increasing further. Because, this does not happen so in actual reality. To consider productivity as some thing that has risen several

times higher than before, we have to consider the value of the machine as having increased. When the value also increases along with the productivity, the labour that is transferred to 1 commodity from that new instrument of labour would not be the same as it was in the past and would necessarily increase.

Hence, ultimately the essence of the matter is that the value, which is transferred to 1 commodity from both the tool and the machine, will never be the same. The value that is transferred from the machine will necessarily be greater than that of the tool.

One thing is clear by now. When a machine is introduced in the place of a tool, that is when an instrument of labour possessing higher productivity replaces an instrument of labour possessing lower productivity, that is when the productivity rises—the portion of 'living labour' necessary for 1 commodity will decrease compared to the past and the portion of the instrument of labour that goes into the commodity will increase than in the past. This much is clear by now.

As rise in productivity means a decrease of one portion and increase of another portion of the 'total labour' necessary for the commodity, let us see the relationship between these changes (decrease and increase).

What will be the relation between the increasing portion and decreasing portion? How should it be? Should one portion decrease as much as the other portion increases? Should the decreasing portion be more than the increasing portion? Should increasing portion be more than the decreasing portion?

A rise in the productivity means reduction in the 'total amount of labour' necessary for making a commodity. Therefore, whatever be the manner in which changes that take place in the different parts of that total amount of labour, that 'total amount' should decrease than in the past. If such a change does not take place, it does not amount to a rise in the productivity.

Let us see an example:

Value of the tool is 10. It is wholly spent for making 1 commodity.

Living labour for 1 commodity through the tool = 100.

Total labour spent on tool-made commodity = 10+100=110.

Let us take an example:

Value of the tool is 10. It takes 10 hours time to make 1 commodity by means of this tool. The tool by then will have become unusable completely. The value of the 10-hour living labour necessary for the commodity is 100. That is, the total value of the commodity made by means of a tool. Value of the tool is 10 + living labour 100 = 110.

While this is so, a machine has come in the place of 'tool'. Its value is 1000. Let us suppose that its productivity, compared with the tool, is 10 times higher. Which means, 10 commodities can be made in 10 hours on this machine instead of 1 commodity. Let us suppose that the machine has become unusable by then. Has any change taken place due to this machine? How did it happen?

If it is by means of tool, only one commodity is made in 10 hours time. But, 10 commodities are made during the same time by means of this machine. The value of 10-hours of living labour is 100. The value of living labour necessary for 1 commodity is 10. Thus, this machine reduced 90 from the living labour necessary for 1 commodity.

But, how much value is transferred to 1 commodity in the form of depreciation (wear and tear) of this machine? The value of the machine is 1000. If it is transferred to 10 commodities, 100 go into 1 commodity.

Let us see the value of 1 commodity and the value of 10 commodities by means of both the tool and machine.

Value of 1 commodity—
Through tool:
Value of the tool ..... 10 + living labour 100 = 110.

Through machine:
Value of the machine.. ..... 100 + living labour 10 = 110.

Value of 10 commodities—
Through tool:
Value of the tool ..... 100 + living labour 1000 = 1100.

Through machine:
Value of the machine ..... 1000 + living labour 100 = 1100.

Whether we consider 1 commodity or 10 commodities, the value of the commodity is the same both by the tool and also by the machine.

The machine has productivity several times higher than the tool. It reduces the living labour necessary for the commodity. Yet, the 'total labour' necessary for the commodities has not decreased. Why did it happen so?

We will know how it happened like this if we compare the portions in the value of the tool-made commodity and the portions in the value of the machine-made commodity.

There are 2 portions in the value of the commodity: (1) The portion of the depreciation (wear and tear) of the instrument of labour; (2) the portion of the living labour. To make our example simple, let us take the example of only "1 commodity".

In the tool-made commodity:
Value of the tool ..... 10 + living labour 100 = 110.

In the machine-made commodity:
Value of the machine ..... 100 + living labour 10 = 110.

What is the change that occurred in the machine-made commodity?

It took 100 - value to make the machine, while
It took 10 - value to make the tool.

(Though the value of the machine is 1000, its expenditure will be only 100 when we consider only '1 commodity').

Expenditure of the tool is 10; Expenditure of the machine is 100. It means that 90 value has been spent additionally in the case of 'machine' than in the case of 'tool'. What such a machine has done is that it reduced 90 from the living labour.

While it took 90 labour additionally for making the machine, the introduction of the machine has reduced 90 labour.

Which means, 90 labour has increased in one portion of the 'commodity' and 90 labour has decreased in another portion of the commodity. This is nothing but change of places of expenditure of labour.

Whatever portion of the living labour that the machine reduced, the whole of it is spent on the making of the machine.

Hence, the 'total labour' necessary for the commodity has not decreased. Therefore, the 'value' of the commodity has not changed.

This means, though this machine appears to have possessed productivity which is 10 times higher than that of the tool, the productivity has really not increased through this machine. We have taken this machine as an example simply to understand issues involved. However, a machine such as this in fact does not at all come into existence. If such a machine as this exists, it would be a totally useless machine.

If we don't understand this point properly, there is a scope for a question here. If it is by means of a tool, only 1 commodity is produced in 10 hours' time. Whereas 10 commodities are produced by means of this machine during the same time. Then how can such a machine be a useless machine? This question implies that we have not understood properly the points concerning the 'tool' and the 'machine'.

True, this machine makes 10 commodities during the period (of 10 hours) in which only one commodity is made by means of the tool. But, it is not enough to examine only this aspect. We have to examine another aspect, namely, 'how much more labour is necessary than the tool? Only if we examine these 2 aspects together, will we know whether that machine is useful or not.

To make 10 commodities by means of a tool, 10 tools will have to be spent. Their (tools') value is 100. The living labour necessary for 10 commodities is 10,000.

The value of a machine, which carries as much work (of making 10 commodities) as 10 tools carry out, is 1000. The living labour necessary while working on that machine is 100.

900 more is spent for this machine than for the tool. Such a machine reduces 900 living labour during its lifetime. Which means, the amount of labour, which this machine reduces, will be spent only for that machine. This machine, therefore, is simply equal to the tool. It is not more useful than that. If we understand these things properly, the question, namely, "Is this machine not better than the tool because it makes more commodities?"—does not arise.

This machine will not come into existence simply because it is not better than the tool.

In this example, if a machine has to come in the place of a tool, it is necessary that its value should be less than the present value; or its productivity should be higher than the existing productivity.

It is obligatory to spend more labour for making a machine than for making a tool. It is 90 in our example. That machine should be able, not only to reduce that labour of 90, but also be able to reduce more labour than 90. It should be able to reduce at least '91 labour'. Only if this happens, does it amount to an increase in the productivity due to the machine.

Or, if we look at it in a different manner, it is obligatory for the machine to reduce the 'living labour'. In order to make a machine that can reduce 90 living labour, less labour than 90, but not more labour than 90 be spent. It should not exceed at least 89. If a machine that is made of labour which is 89 more than that of the tool reduces 90 labour, then it amounts to an increase in the productivity. Thus some thing should happen in these examples.

It means that a rise in the productivity implies that there is a necessary connection between—

the increase in the value of an instrument of labour, and
the decrease in the value of living labour.

That connection will be as follows:

The decrease in the value of living labour should be more than the increase in the value of 'instrument of labour'.

Or, the increase in the value of the 'instrument of labour' should be less than the decrease in the value of 'living labour'.

Therefore, a machine that replaces a tool should at least possess so much productivity (that is, a machine could replace a tool when it possesses so much productivity) that it should be able to reduce so much labour whose value is more than the difference between the value of the tool and the value of the machine. This is the main principle concerning the introduction of a machine.

> In Marx's words: "The value of a commodity is determined by the total labour time of past and living labour incorporated in it. The increase in labour productivity consists precisely in that the share of living labour is reduced while that of past labour is increased, but in such a way that the total quantity of labour incorporated in that commodity declines: in such a way, therefore, that living labour

decreases more than past labour increases" (Capital, Vol.3, p.260-1, Moscow 1971).

This is a point that can explain the inevitable emergence of the 'problem of unemployment' under Capitalism. Therefore, we have to understand this point very carefully.

Capitalist's view of productivity:

Even the least reduction in the 'total amount of labour necessary for production amounts to a rise in the productivity. But, the situation will not be like this under capitalism. Let us see an example. (This example is originally given by Marx himself. The only change that we made is to convert 'shillings' into 'rupees'. If we understand this point properly, we will understand the connection between the rise in the productivity and capitalism).

Let us suppose that under normal conditions in a given branch of production, the details of the value of '1 commodity' will be as follows:

The value that is transferred to the commodity from the 'tool', which constitutes a fixed means, is ½ rupee. Raw materials and auxiliary materials together are Rs.17½ Wages are Rs.2. All this constitutes 'capital'. It is 20. Let us suppose that the rate of surplus value is 100%. That is, surplus value is Rs.2. Finally, the value of the commodities is Rs.22.

In this value, wages and surplus value together are 4. This is the value of the 'living labour'. Which means, the living labour 4 is added to 18 of means of production and the value of the commodity has come to 22. (c18+v2+s2). Capital 20 + Profit 2 = 22. This is an example of tool.

While the situation is so, let us suppose that a new machine, which can reduce the living labour to half, has been made. As the value of the wear and tear of the fixed means that is transferred to 1 commodity increases than in the past, let us now suppose it as 1½. But, even now the portion of raw materials is still 17½. (Because, a new machine has been introduced into the work place where this commodity is made and not in those work places where raw materials etc. are made. Hence, their value remain as ever. Now, wages are half of the past wages. That is 1 rupee. To make our example simple, let us suppose that the rate of surplus value is 100% even now. Which means, now the surplus value is 1 rupee.

Now, the value of the commodity = Fixed means 1½ + Raw materials 17½ + Wages 1 + Surplus value 1 = Rs. 21. (c19+v1+s1). Capital 20 + Profit 1 = 21.

What is the 'living labour' in this example? Only 2. While it took 4 living labour for the commodity in the past, now it took 2 only. The machine was able to reduce an expenditure of another living labour of 2. (It reduced 1 from the wages and 1 from the surplus value. To reduce 1 from the wage does not mean reducing the quantity of wage given to workers. It is reduction of the number of workers. Thus, the amount spent on wages can be reduced. This is how we have to understand the reduction of 1 from the wages).

However, the portion that is transferred to the commodity has increased due to the new machine. While it was ½ in the past, now it is 1½.That is, there is an increase of 1.

This new machine reduced more labour (it reduced 2) than the value which it increased (it increased 1) while transferring the value of the wear and tear. This is a natural condition for the introduction of a new machine in the place of the 'tool'. This condition is well fulfilled here.

While the value of the commodity in the past was 22, now it is 21. As the 'total labour' presently necessary for the commodity is reduced, this amounts to a rise in the 'productivity'.

One can definitely welcome this machine in the place of a tool.

But, no capitalist admits this machine. Because:

What is important for the capitalist is the kind of calculations as what is the invested 'capital' and what is 'profit' on it. When such calculations are made, a reduction in the amount of capital and an increase in the profit than in the past should appear. Has such a thing happened here?

In the 'tool' example, capital is 20, profit is 2.

In the 'machine' example, capital is 20, profit is 1.

Why does the capitalist introduce a new machine and accept profit of 1 on capital of 20 while he was able to earn a profit of 2 on capital of 2 in the past?

Or else, let us suppose that the capitalist, though makes his new commodity for 21, but sells it for 22 like other capitalists and earns a profit of 2. The profit 2 was also available in the past, wasn't it? This is the same thing, which other capitalists are also getting, aren't it? If it is to invest capital 20 and earn a profit of 2 only as in the past, why should he replace the tool by the machine? The whole thing appears to be 'profit-less' (useless) in the calculations of the capitalist.

True that there is some rise in the productivity due to this machine which produced a commodity with a value of 21 (that is, 1 less than in the past). But this fact does not at all appear in the calculations of the capitalists. It is not at all intelligible to the fellow. As that fellow does not secure specifically any profit than in the past, no capitalist will be interested in that machine.

How should that machine be if it has to create an interest in the capitalist? The existing level in productivity of the new machine is not enough for the capitalist. Therefore, its productivity should be still higher. That machine should possess such a high level of productivity, which is necessary to reduce the capital on 1 commodity and increase the profit than in the past.

The capitalist will admit a new machine possessing such a high productivity, which reduces the expenditure of 1 commodity and gets him relative profit.

It means that some rise in the productivity than in the past is not necessarily a useful thing for capitalism. That rise should be in accordance with the calculations of 'profit'. The relevant point for the capitalist is not the fact that however much portion of the living labour the new machine could reduce but however much portion of the wages it could reduce. According to the capitalistic sense, larger the reduction in the portion of 'wages', higher the level of productivity.

However, capitalism falls into another, new contradiction at this point. Because, reducing the expenditure of 'wages' implies reducing means of producing 'surplus value'.

Producing 1 commodity with less value than before involves reducing workers and reducing the portion spent on wages. But, even if the number of the workers is reduced to some extent, the quantity and

rate of profit should not be reduced. Moreover, they should rise. Since the new machine possesses higher productivity, the less number of workers who remain at 'work' will be able to carry on more production and yield more profits than before. (We have examined how more profit is derived, in the chapter on 'Relative Surplus Value', in volume 1).

This pursuit will go on without interruption so long as the new machine is found only with one or two capitalists and is not yet found with other capitalists. That is, until the capitalist owning the new machine is able to earn 'relative surplus value'.

But, the days of that capitalist will not continue for long. Gradually, other capitalists will introduce the same kind of machines. When that commodity is produced at a lower value by all capitalists, the same lower value will become its 'actual value' (new social value). Relative surplus value will then disappear.

The only way that appears to the capitalists for coming out of the problem is to raise productivity.

If we consider a certain amount of capital (e.g., a capital of 100), the amount of surplus value that it can produce depends on 2 factors: (1) the number of workers, and (2) the rate of surplus value.

Let us suppose that the number of workers and the rate of surplus value in the tool example are in certain specified quantities.

The introduction of a machine in the place of a tool with the same amount of capital requires a reduction of the number of workers and an increase in the rate of surplus value than in the past.

Then, the rise in the productivity requires further reduction in the number of workers and further increase of the rate of surplus value. This situation will again necessarily lead to a contradiction.

If 24 workers who work with the tool does labour for 12 hours a day and give 1 hour surplus value each, the capitalist will get 24 hours of surplus value in total. But, let us suppose that, after passing off several stages of raising productivity to greater heights, only two workers will be enough to work on a new machine. Even if assuming that the present working day consists of 12 hours, it is not possible to extract 24 hours of surplus value under any circumstances from these two workers even now.

Why? The total working period of these workers is 24 hours. That entire period cannot be 'surplus value' (surplus labour time). Of the 24 hours time, there should be some 'necessary time' (necessary labour time). Even if we consider it as only one hour or half-hour or much less, the surplus, which the capitalist used to get in the past, would decrease.

More surplus value is obtained if the rate of surplus value is 100% rather than 50%. Similarly, when the rate of surplus value is either 50% or 100%, more surplus value is obtained if there are 11 workers instead of 10. To obtain more surplus value, both the number of workers as well as the rate of surplus value should increase. But it is not possible for the capitalist to accomplish these two things with the old capital and without increasing his capital. The capitalist introduces the machine in order to increase surplus value. But, the machine will necessarily reduce the number of workers. Though the introduction of a machine reduces the number of workers, the rate of surplus value increases than in the past due to the existing workers as well. He cannot accomplish an increase in the rate of surplus value without reducing workers. He cannot increase the rate of surplus value unless he reduces the workers. It is not possible with the old capital to accomplish these two things. He is obliged to increase the capital. Otherwise, there will be no way to escape from this problem. This new way is also a temporary way.

2. Cause for unemployment

We will now see how a rise in productivity under capitalism leads to unemployment.

Let us suppose that a carpet factory is running with a capital of 6,000 per annum: 3,000 for tool, raw materials etc. 3,000 towards wages. 100 workers per year are working with these wages. The annual wage of 1 person is 30.

While this is so, a new machine that reduces the living labour to half has been introduced. 1,500 have been taken out of wages and spent additionally on the new machine. 50 workers have become unnecessary. The entire work of the past is now being done by the remaining 50 persons.

In the past the capital was ..... 3,000c+3,000v.

Now, the same quantity of capital is a..... 4,000c+1,500v.

If 100 workers were working under that capital in the past, only 50 workers are working under that capitalist now.

Another 50 have become job-less.

As more value (more labour) is necessary to produce a 'machine' than to produce a 'tool', we have to see as to how many more people would secure jobs at the place of making machines. Will 50 persons secure fresh jobs at the place of making a machine since 50 people have lost their jobs at another place due to the machine?

We should have known by this time that such a thing does not happen since we have already seen that the labour additionally required for a machine than for the tool and the labour saved due to the machine would not be equal. The labour spent on making a machine will be less than the labour saved by a machine.

The same is the case in our example also. It took 1500 additionally for this machine than for the tool. That machine saved the expenditure of 1500 toward wages. Does it mean that the labour it saved is 1500 only? No. The workers who work for those wages of 1500 do not simply give only that much labour. They also give 'surplus labour'. If we suppose the rate of surplus value to be 100%, those workers give a labour of 3000 consisting of wages and surplus value, which means, introduction of the machine had saved so much labour. (But, the capitalist merely compares the additional expenditure spent on the machine and the expenditure on the wages that machines saves. This is a different issue. Let us suppose that the capitalist has brought the machine in this example.)

We have seen that this machine has saved the expenditure of wages of 1500. 'Saving 1500 from the amount of 'wages' paid earlier and spending the same on a machine' (this amount is spent in addition to the amount spent on the 'tool'.) —What does this mean? Is it possible to invest the entire saved value again on wages in the making of new machine? No. It is not possible for the following reasons. When a machine was purchased for 1500, let us suppose that its value consisted of c+v+s and that 1500 is divided into 500c+500v+500s. It means that a machine has been purchased by paying for all those factors. The amount that represents 'v' would create new jobs at the place of making machines. How many workers can work with 500v? If we assume wages at this place to be average wages of the carpet factory, 17 persons would get

jobs with 500 at the rate of 30 wages per 1 person. At the place of making machines, 17 workers, while working on 500c (means of production), render 500v+500s. Thus, it takes 1500 more than the tool for making a machine.

In this whole example, if 50 persons lose jobs in the carpet factory due to a new machine, 17 persons will get jobs afresh at the place of machine making. 50−17=33 persons will compulsorily become 'unemployed' due to the machine.

In order to provide jobs again to these 33 unemployed persons, they have to be engaged in the production of 2 more machines of the same kind.

But, 50+50=100 persons from yet another 2 carpet factories, where those 2 machines are introduced, will become unemployed afresh.

If these 100 persons have to be provided with jobs, they have to be engaged in 6 more new machine-making activities. Those 6 new machines will again create unemployed persons. Thus, this solution will intensify the problem many fold.

Let us suppose that 1 worker used to isolate 1 kilo of cotton seeds when there was no machine to isolate seeds from cotton. After the introduction of the machine, let us suppose that the worker is able to isolate seeds from 100 kilos of cotton in 1 day. The productivity has risen so much that a single person is able to perform the work which 100 persons could do earlier. Now, 1 person is able to work with raw materials that are 100 times more than in the past. Now, 99 workers will become redundant in that work place. Though many more workers than in the past are needed to shift raw materials and finished goods from one place to another since the materials also increase several times, there won't be, in any case, a need of 99 workers for that kind of work. Therefore, many workers have to go out of such work place.

Will a capitalist, who operates with some capital, remove all the previous workers or only some of them when he introduces a new machine into his factory. This point depends upon whether that fellow has an intention to operate with the old capital or increase it? It is not possible not to increase the capital in order to employ old workers in the jobs.

3. What should actually happen if a new machine is introduced?

What sort of change should take place in the lives of the labouring people when a new machine that reduces the living labour to half comes into a work place? Their labour time should become half, should it not?

There are 20 workers in a work place. Let us suppose, the working day is 12 hours. A new machine that reduces the living labour to half has been introduced. If those workers work for 6 hours now, they can produce the same quantity that they did in the past. They can even raise production to some extent if they work for one more hour. Later, they can stop work and leave the work place. The entire remaining time can be leisure time for them. Or, they may use that time for education or arts. If it happens so, all persons (those 20 persons) would be in jobs as before. The labour time would decrease for all people. If it happens so, it amounts to the fact that the consequence of the introduction of a machine that reduces labour, would reach the labouring people.

But, it does not happen so where a capitalist is concerned. That fellow introduces a new machine not to reduce the labour of the workers; but only to raise his profits. What he does, therefore, is that he removes 10 out of the previous 20 workers. He would make the remaining 10 persons work for 12 hours as in the past. Those who are in that 'job' should work with greater intensity than in the past in accordance with the movements of that new machine. Which means, the consequences of the new machine are unemployment for some workers and intensity of work and accidents for the others.

Who have benefited from the new machine that doubled the productivity? Workers or the capitalist?—Do we need to say specifically?

Let us see another example that indicates the fact that the rising productivity under capitalism reduces the number of workers.

A capital is 600. Its constant and variable portions are 1:1. That is 300 constant and 300 variable. The number of workers is 100. Wage per day for each worker is 3. In such a situation, a new machine is introduced. For that, a new capital of 400 is invested. Out of this 300 is invested on constant and 100 is invested on variable. The number of workers neither increased nor decreased. All the old workers are on the jobs. Now, the

wage of 1 worker is 4. Now we have to see old and new capitals together. Their total is 1,000. Now constant and variable portions are 600:400. That is 3:2. Though the capital now has increased and become 1000, only 100 workers are in the jobs as in the past. This 1000 is capital. If this capital of 1000 continues to work with the old productivity, out of that (1000), 500 would have been on constant and 500 would have been on variable. At the rate of the previous wages, 500 variable would have provided jobs for 167 persons. But now jobs have not been created in spite of the investment of a new capital of 400. Only old jobs have been retained. Later, if the productivity further rises, old jobs too may not be retained even if a new capital is introduced.

If the old productivity is kept constant and the capital is increased, the number of workers would necessarily increase. But, if the capital is increased in order to raise productivity, it would not only be useless to increase the number of workers but also lead to the unemployment of the hitherto employed workers. It is this second development that always takes place under capitalism. All the capitalists dump new capital only in order to raise productivity. After the arrival of new capital, the proportions of the entire capital will change. Though both constant and variable portions in the whole capital increase due to the investment of new capital, increase in the 'constant' would be 'more' and increase in the 'variable' would be 'less'.

If we confine ourselves to the observation that a 'machine' is made of more labour than the tool, it appears as though "more jobs are created in the society due to new machines". Only if we understand another point, namely, that a machine reduces more labour than what has been spent for making it, will we understand as to what happens due to machines.

There is, however, another dimension to the issue. A new machine that is introduced in one branch of production would increase jobs in other branches. This is how it happens: Let us consider once again the example of 'carpets'. We have seen that, in the branch of carpets, a new machine was introduced by taking 1500 out of the value spent on 'wages' in the past. (Value of the tool + 1500 = Value of the new machine.) When productivity rises in that branch of production due to the machine, the products in other branches of production that supply auxiliary materials should also increase in their quantity than in the past. As new machines do not yet exist in the other branches of production, jobs in those branches

will increase. However, it is not that capital of 1500, which introduced a new machine into the carpets' branch that is responsible for the increase of jobs in the other branches. What is unusual and strange if new capitals create new jobs? It does not mean that the old capital is creating new jobs.

As the use of machinery in a branch of production increases, the immediate influence would be an increase in the production in the branch of production of raw materials. Buildings would also become necessary in large number for producing and storing raw materials. The extent of necessity depends upon the difference between the new productivity and the old productivity. Even if productivity doubles, we can't say that new jobs would also double. Even if the working days and intensity of labour increase, new jobs will not become double because old workers do more work.

It is never possible to provide new jobs with old capitals in any branch of production. If old capitals alone function, that too if they function with old productivity, old workers alone would be in the jobs. New jobs will arise only when the capitalists introduce new capitals.

Introduction of machinery into a given branch of production implies: that new capitals are entering into other related branches of that given branch and hence the number of workers in those other branches is increasing and thereby the extent of capital as well as its level of production in the society as a whole is increasing.

In order to find out the productivity concerning a new machine, we have to take several factors into consideration and calculate them. (1) Value of the old machine, (2) Value of the new machine, (3) Life-time of the old machine, (4) Life-time of the new machine, (5) Old wages, (6) New wages, (7) Production through old machine, (8) Production through the new machine, (9) Previous rate of surplus value—Only when we consider so many factors, will we be able to know the productivity of the new machine. We will know as to how much of the value of an individual product decreases.

As the time necessary for making a machine keeps on decreasing, its productivity will go on increasing. The work of making a machine originally began with tool. Gradually, machines for making machines began to be made. When machines are made by means of machines, the

time necessary for making a machine decreases to a large extent. Then labour that is transferred to 1 commodity also decreases.

1) Labour that is transferred from the tool to the commodity;

2) Labour that is transferred from the machine that has been made by the tool (it means that all the components of this machine have been made by tools);

3) Labour that is transferred from the machine made by means of a machine.

Let us take an example as to how these 3 aspects would be.

Labour from the 'tool' ..... 1 hr.

Labour from the machine made by a tool ..... 2 hrs.

Labour from the machine made by a machine..... 1½ hrs.

What do we understand by these examples?

It is inevitable that labour, which goes from the 'instrument of labour' to the commodity, increases when a machine replaces the tool (when productivity rises). It is not possible to prevent this increase. But, if that new instrument of labour too has been made by means of machinery, the labour that is transferred from that instrument of labour would not be too much and would decreases but a little. That is why, while the labour transferred from the machine made by means of a tool is 2 hours, the labour transferred from the machine made by means of a machine is 1½ hour, having reduced to the extent of ½ hour. But, this labour to is more than that which is transferred from the tool. Yet, this machine has reduced the labour that goes to the commodity to a greater extent compared to the first machine. That is, when machines are made by means of machines, a self-supporting technical situation will emerge for the large-scale industry.

According to an example of Smith, under Manufacture kind of Division of Labour, 10 persons used to make 48 thousand needles per day. Which means, each person used to make nearly 5 thousand needles per day.

The needle making machine that came subsequently used to make 1-lakh 45 thousand needles in an 11-hour working day. A young boy could operate four such machines. That is, a person could make nearly 6 lakhs of needles per day. Can there be a comparison: between 1 person

making 5 thousand needles per day and another making 6 lakhs per day? Productivity has risen 120 times. How many more times the productivity of the present day machines would be, compared with Smith's time! As such a large productivity is possible due to machinery, system of machinery is able to destroy all the tool-based systems.

Whenever a capitalist introduces a new machine into his work place, he would do so subject to the condition that whether or not the profit would increase. He will not do so with a view that it would reduce the physical burden and working time of the workers.

If there are more 'headaches' such as strikes by workers, the capitalist would definitely be further inclined toward the machine. He thinks that it would be better for him if the work is carried on with less number of workers rather than more workers joining his work place. He thinks that machines won't resort to strikes. The fellow is not aware of the fact that the machine would go to sleep even if a single worker who works on the machine goes on strike. The capitalist seeks the solution of the problem of workers in the 'science of machines' instead of the 'science of society'.

4. Relationship of the workers with the 'machine'

Each aspect of the machine has a relationship with the physical and mental health of workers. Workers have to move speedily if the machine has to be moved speedily. The workers have to bear the noise pollution if the machine runs with a big noise. If the machine runs with a high temperature, workers have to stand and work amidst that fire. Workers have to change their movements in accordance with the movements of the machines. The work to be done with a machine that can make 200 articles will become double compared with the work to be done with a machine that can make 100 articles per day. All tasks beginning from feeding the raw material into the machine will become double. Here, the question is not as to 'how much the wages of the workers have risen'. This is completely a question concerning the physical difficulty and comfort.

While working with the tools, the movements of the workers will be according to their own wishes and not according to the tools. Hence, there, the capitalist cannot speed up the physical movements of the workers. But, the movements of the workers would be in accordance

with the machine. The capitalist would make use of this technical situation for his self-interest. In order to make the worker to do more work, it is enough if the capitalist gets a machine done by his engineers in such a way that it moves more speedily. Or it is enough if he asks them to make some modification regarding the speed of the machine. More work will be turned out even without asking the workers to 'do more work'. Regarding questions such as 'what should be the speed of the machine and how should be its construction', the capitalist machine-makers (engineers) will not keep in view the physical and mental health of the workers who have to work with the machine. (Those engineers are also workers; but they are mental labourers). Engineers fix the speed and movements of the machine based on such calculations as: "It takes so many seconds for a worker to move his hand from this side to that side; it takes so many seconds to move the leg" and so on. If the machine moves with such a speed, the limbs of the workers will also have to move in accordance with the calculations in seconds. A machine whose speed has been increased makes workers to do more work than before and functions as a means to extract more labour from them. Just as a milking machine that is fixed to the udder of the cow extracts both milk as well as blood, the machines that are made of capitalist techniques too will make the workers work in such a way that their entire labour power is extracted.

The machine here in the capitalist work place plays such a role that it makes the workers do more labour and hands over that fruit to the capitalist! Every machine that enters into the work place of a capitalist hums to the capitalist: "Why do you worry! Be relaxed! It is my responsibility to make workers do 100 times more work than usual. Wait and see how much production I would get for you by the evening". And the machine would also keep its promise.

A machine lying with a capitalist is like a dog lying with a slave-master. The dog domesticated by the slave-master will be faithful to its Master and gets its teeth into the muscles of the run-away slaves. Similarly, the capitalist machine will be faithful to its Master and will squeeze the labour power, blood and muscle power and makes them do unlimited labour.

If the workers say thus: "we are not able to do work on this machine with such speed", the capitalist would be astonished and say thus: "Haven't I raised your wages? Can't you work in spite of wage rise?". To that

fellow, every problem appears to be a problem that can be tackled with money. The fellow does not understand that this is not a money-related problem but a problem concerned with the physical hardship and comfort. The fellow can't understand this because he never comes near the machine. The fellow would understand what the actual problem is and how a machine should be, only when he comes to the machine and operates it.

What are the benefits that accrue to the workers as the 'improvements' in the machines take place, that is as the machines keep on 'developing'? 'Working in such a limited and narrow space where one cannot move his hands and legs; working in the capitalist factory crowded with machinery; working in an atmosphere filled with dust and polluted air; working amidst noises that tear the ear drums; working at high temperature; working amidst accidents that lead to the loss of limbs; working every hour and day with the fear of life, not knowing when the death would seize upon them'—working under these conditions is unbearable for the workers and there is no comfort to the workers from the introduction of machinery.

When workers worked with tools, those tools were also those of the capitalist. Yet, a machine would render a service which tools did not render. As soon as the instrument of labour assumed the form of a machine, it became the 'enemy of the workers'. This is the situation wherein antagonism between the labouring person and the instrument of labour develops. Every machine confronts the worker like a 'ghost' constantly causing accidents on the one hand and squeezing unlimited labour on the other.

When seen in isolation, there are both benefits and losses due to the machine. The loss due to the machine is that working people suffer physical accidents. Accidents that did not occur due to tools are possible due to the machine. Therefore, it is a loss due to machines. The uses due to the machine include lessening the physical burden and increasing production by enabling the work to go on speedily.

If the machine exists as a property of all the persons in the society, all persons can benefit from its positive side. Every one can try to find out ways so that there won't be any loss due to the use of machine. But, the machine in the capitalist process of production exists as the sole property of the capitalist. Therefore, it is inevitable that all the benefits

that accrue from the machine will go to the capitalist and the negative results will go to the workers. Though the physical burden of the workers is reduced to some extent due to the use of machines, accidents that override the positive aspects of the machine will be ready to pounce upon the workers. The capitalist will not face any loss, which a machine causes since he is not the one who operates it. The workers will not receive any benefit, which a machine gives since they are not the owners of the machine. Hence we have to understand a machine not as 'a heavy instrument of labour that functions in a process of production' but as 'a heavy instrument of labour that functions in the capitalist process of production'.

It is not possible either for a single individual or a family either to build or operate a heavy machine. It is also not possible either for a single individual or a family to use the production that the machine gives. These 2 aspects render a specific character to the machine. The character that makes it useful not merely to an individual or a family but to many more persons, that is being useful as an instrument of a 'collective'. But, such a heavy machine that can produce for the collective will be the prisoner of a single individual (capitalist). Its entire production will belong to a single individual. Whenever that production can not be sold out, the capitalist will stop the machine. Though working people are ready to produce, though they are in dire need of that production, the capitalist stands between the machine and the workers with his calculations of profits and the problem of absence of a market for sales. He stops his machine and would say thus: "This is my property. I will operate my machine whenever I need it and stop it whenever I don't need it. I will do whatever I like with my property." The capitalist, who unconsciously laid the foundation for the society of highly developed productive forces, becomes an obstacle in various ways to those forces preventing those forces from coming into practical use to their full potential. This is one of the several contradictions that arise due to the fact that the instrument of labour which can produce on a large scale for the collective needs remains as an object of an individual instead of belonging to the collective.

Once a particular kind of machine enters into a branch of production, its value will not remain unchanged forever. As competition that raises productivity continues in each branch of production, there also exists competition in the branch where these machines are produced. Hence,

after some period of time, the particular kind of machine would be produced cheaply than in the past. Its spare parts too would be produced cheaply. If it happens so, the capitalist would have to calculate the machine that he had purchased with a higher value in terms of the new lower value. Though the fellow does not lose anything in such a calculation, he would use every new machine rapidly and be zealous to regain quickly the capital invested on it.

The working day had been lengthened at every place in the early days of the introduction of machinery. Or, 2 shift-system was introduced. At Philadelphia in America, the working day consisted of 19 or 20 hours in the year 1806 when machines were newly introduced. Work was carried out in 2 shifts a day in England around 1832. The same kind of changes had taken place at every place. This is the consequence of the introduction of the machine by the capitalist.

Capitalist economists, engineers, mathematicians are not at all concerned with the specific technical conditions of the capitalist machinery and the specific role played by the machine in the capitalist process of production. They treat both the 'tool' and the 'machine' alike and as the same kind of instruments of labour. They define tool as 'small scale machine' and machine as 'large scale tool'. To define it this way amounts to describing their 'magnitude' and 'shape'. It is appropriate to describe the machine as 'large scale tool' and tool as 'small scale machine'. But this description does not tell us the role of either the tool or the machine. Here, we don't find a definition that explains the fact that the machine has a specific character, which a tool does not have, and it plays a negative role in the capitalist process of production.

The progress that appears in the capitalist machine is not the one that gives comfort to the labouring person. It is a kind of progress that involves techniques that are useful to extract more labour. A machine should be built with a view 'to carry on the work comfortably' instead of 'turning out more work'. That is, from the 'use value perspective' instead of 'value perspective'. With a 'natural' viewpoint, and not from an 'unnatural' viewpoint.

The process of removal of workers from the work by the introduction of machines proceeds with many contradictions. Machines are not introduced into all the branches simultaneously. This means, they

are not introduced into all kinds of labour at a time. When a machine is introduced into one kind of labour, it functions several times more with its productivity that is higher than in the past. Hence, raw materials, auxiliary materials that are necessary for that work too should be available in large numbers, several times than in the past. As there are no machines as yet in these branches where raw materials and auxiliary materials are produced, the need for the workers there would be more. Not only there but also in those branches where the products produced by means of machinery go as raw materials, the need for the workers will be more. This means, the workers, who lost their jobs in a branch of production where machine has been introduced, will have job opportunities again in the allied branches of production where machines have not yet been introduced. These opportunities too exist only until machines are introduced into those branches too. Only until then, these branches will have the need for the workers. The need to make the raw materials etc., quickly available to the first branch of production would encourage the introduction of machinery in those branches as well. But, the unemployed workers would be ready to work for low wages. Hence, such a situation may prevent the entry of machinery there. Thus, when a machine is introduced into one branch of production, there arise mutually contradictory conditions where machines are introduced or not introduced in those branches that are allied to that branch of production where a machine is introduced. Depending upon the conditions that are favourable to a given change, machines would either be introduced or not introduced for some time in the other branches. In this way, whenever productive forces change throughout all the branches of production, conditions would arise whereby workers get jobs on the one hand and lose jobs on the other. By the time one 'social productive power' transforms into another 'social productive power' in the society as a whole, a certain population of unemployed people would necessarily exist in the society.

When spinning jenny was introduced in the weaving branch, the power loom did not come along with it. With the introduction of a machine in the spinning branch, jobs had increased to a large extent in the branch of 'agriculture' that supplied cotton and the branch of 'weaving' that used the spun yarn as raw material. But, the whole growth of jobs continued only until the introduction of machines in those other branches as well. Especially, with the introduction of power loom, weaving workers who were working on handlooms lost their jobs on a large scale. As the

machines began getting fully introduced in the branches of cotton growing, spinning and weaving, all these branches drove away the workers out of their jobs. Whenever the productive forces in those branches change, they would engage workers again and drive away again after some time.

In the early days when machine building began, there arose a need for lakhs of workers to work in metal mines, coal mines and oil mines because iron, coal and oil were necessary to run the machines.

Before the introduction of the sewing machine, hand sewing workers were in large numbers. Such large numbers became unnecessary after the introduction of the sewing machine. The sewing machine invaded not only the sphere of sewing work but also all kinds of work that produce socks, bags and caps.

In the beginning days of the factory system, there was less scope for losing jobs and more opportunities to get jobs. This was possible because construction of new factories was undertaken regularly as also the expansion of already existing factories. But, this is not possible as in the past, once all the branches switch over to the system of machinery. However, as the capital keeps on increasing under capitalism, the increasing capital will create new jobs to some extent or the other. But, if we compare the jobs that are lost with the jobs that are newly created, we find that the creation of new jobs will gradually diminish.

If we look the data relating to textile factories of some cities in England during 1860 and 1865, we find that productivity in those factories had increased during those 5 years. But, the number of workers has diminished.

Since Marx published 'Capital' in the year 1867, we find data relating to that period. We have to concentrate our attention on the facts that are given here. The nature of these things under capitalism will always remain the same. These conditions might have changed into a serious level. But, there is no difference in the essence.

In 1860, there were 86 thousand power looms in 570 factories. Their horsepower is 29 thousands. Their workers were 94 thousands. In 1865, the figure of the looms reached 95 thousands. But the figure of the workers reached 89 thousand. Which means, productivity increased and the number of workers diminished.

In woollen factories, the growth of productive power was considerable during 1852 and 1862. But the number of workers did not change at all.

Though there is a scope for an increase in the number of jobs in those branches that are allied to a branch in which a machine has been introduced, there is no guarantee that every worker who lost his job would get a job at another place. It is because, under capitalism, search for jobs would be the personal problem of individuals. All people cannot succeed in their search for jobs. Many reports reveal that, in the beginning days when sewing machine was introduced, many thousands of people lost their jobs and starved to death.

What about the wages of those who lost their jobs in one branch and secured jobs in other branches?—Will the wages be high or low in those other branches? This will depend upon whether the need for workers is more or less.

When workers who are accustomed to the jobs in a particular branch go to other branches, the conditions of those workers would be intolerable in several ways. Owing to the capitalist division of labour, those workers would until then be acquainted with only one kind of work. They would be incapable of doing other kinds of work. If those workers go to other jobs due to this situation, they will have to join lower level jobs that do not require more skill and that fetch them low wages.

If workers who lost their jobs in one branch do not secure jobs immediately, this situation leads to the loss of jobs in those branches that produce the necessaries of the life of workers. As the unemployed workers do not get wages, they cannot purchase means of subsistence from the market. They have to survive by sharing the means of subsistence of their family members who get wages. Even the employed workers of those families would be doing full work and yet live in scarcity since they have to support the unemployed family members and hence lose certain amount of means of subsistence. As the unemployed workers cannot buy necessaries of life from the market, sales for the commodities in those branches that produce necessaries of life will diminish. If the same situation continues for some time, the workers of those branches too would start becoming unemployed.

If a machine enters into one branch of production, it would gradually invade all the branches. Spinning machines led to power looms. Cotton machines gave rise to machines in the woollen and silk industries. When the machine invaded all the branches, the transport industry too had to be developed in order to transport the product. Steamers and railways had begun. Means of communication developed for the news communication. Telegraph and telephone came into existence. Thus, large-scale industry created many new branches of production and world market. The market of one country is not a limit for the sale of the commodities of the capitalist. The transport and communication channels that have spread over across the world created opportunities to sell commodities from any other corner to any corner in the world.

As all the branches of industry keep on switching over to machine mode of production, securing jobs as in the past becomes totally impossible. It means that resolution of the problem of unemployment in capitalist society is not possible even in the dream—whether it is capitalist's dream or worker's dream. In this society, it is not natural for any unemployed person to dream that he secured a job. It is very natural for employed persons to dream that they lost their jobs.

5. What do capitalist economists say about 'the problem of unemployment'?

Capitalist economists make many haphazard arguments with regard to the loss of jobs due to machinery under capitalism, Their arguments will be as follows:

'True that capitalist reduces the number of workers after the introduction of a machine. Some amount of capital will be left out in the portion of wages due to the reduction of number of workers; isn't it? The capitalist does not keep his capital idle, does he? He would invest it somewhere or the other, would he not? He would invest it some where or the other. He would provide jobs again for the new workers with the 'remaining' portion of the wages. Therefore, workers will secure jobs elsewhere with the same capital though they lose their jobs at a particular place. Hence, there is no scope for unemployment due to the machine'. This is one argument.

We have already seen the reply to this argument. We have seen that

it is not possible to reinvest on wages the entire portion that has been saved from the previous wages. Let us suppose that the capitalist brought a new machine, removed 50 workers from their jobs and saved 150 from the wages. He has to invest the whole of 150 on wages only if jobs have to be provided for those 50 workers elsewhere. Then, what would he invest on 'variable portion' at that new place? He requires new capital compulsorily for that purpose. This means, it is not possible to retain all the previous workers in jobs with the old capital after the introduction of the machine. In fact, new capital is required in order to get a machine. No capitalist can perform such magic whereby he can get 'improved instruments of labour' with the previous capital and provide jobs elsewhere for the workers who lost their jobs. The sole job that he can do very easily is to increase the number of unemployed persons.

The second argument of the capitalist economists is the following: A job of producing machines will come into existence due to the introduction of machines in the sphere of production. Machine production requires more labour than the tool-production. Therefore, more job opportunities will be available to workers due to machine building. Though the number of workers at the place where work is carried on by means of machines diminish, all those workers will secure jobs where machines are produced. Therefore, there is no question of unemployment.

We have seen answer to this question as well. The capitalist economist sees only to the extent of the fact that it involves more labour to produce a machine. He won't be concerned with the second aspect, namely, that machines would reduce more labour than what is necessary for making them. Out of the things that appear as individual and separate pieces, he would select only those pieces that would interest him. He would exhibit only those pieces as a great theory.

Let us suppose that jobs for 100 workers have arisen in a branch of production that produces a new kind of machine. If jobs of all those workers have to remain always, those machines should always be produced. Even those capitalists who do not get their work done by such kind of machinery until then, have to introduce those machines into their work places. Wherever that machine is introduced, some workers will become unemployed. Which means, workers at many places have to lose their jobs in order that workers in the machine-building branch have to retain their jobs permanently. Even retention of jobs of the workers that

make those machines too will not last long. Once all the capitalists in those branches introduce these machines where these machines are used, there won't be any need from the next day to make the same number of machines that were made earlier. Depending upon the lifetime of those machines, it is enough to make the same number of machines that become old in a year. When such a situation arises, the number of workers will have to be reduced in the machine-making branch. In case, production of another new kind of machines is undertaken in order to provide jobs for all those workers, the workers who work at the place where that new kind of machine is introduced will begin to lose their jobs.

Thus, the economists who make haphazard arguments that 'jobs will not be lost due to the introduction of machines are proving their own arguments to be totally wrong. These false arguments have a 'great' name: 'Theory of Compensation'. It means that whenever workers incur loss due to the machines, it will be compensated. According to this theory: Though jobs are lost at one place, they will be created immediately at another place. The problem of unemployment caused due to the machines is a temporary problem. Loss incurred due to the loss of jobs is immediately compensated. But, in fact, the loss caused by the machine mode of production is not temporary; job itself is temporary. Under capitalism, losses and unemployment are permanent phenomena while compensation and jobs are temporary.

Reformists are very much disappointed when the economists emphatically say that unemployment is only a temporary phenomenon. These theories of compensation of the capitalist economists are useless except to discourage those reformists who are zealous to attain name and fame by rendering 'service' to the 'orphans' created constantly by the capitalist society. (We will see few more points concerning 'unemployed population' in the chapter 'Expansion of capital' in the next volume).

6. Use of machinery and its consequences

Using machinery or any other aspect of science in the context of capitalist relations and using them in the context of collective relations are not identical things. Hence, they give different kinds of results.

If we observe a machine in isolation, it appears that (1) it is an instrument that reduces the burden of the person who performs labour,

(2) it is an instrument that enables labouring persons to produce things in a short time, (3) it is an instrument that enables to produce more things, and (4) it is an instrument that understands the forces of nature.—All these things are false when a machine is used in the context of capitalist relations. The machine which is in the hands of the capitalist exploits workers further and makes them poorer. It drives the workers to many more hardships by introducing new accidents that were not there in the past. The machine makes workers its appendages. This situation, instead of liberating workers from the forces of nature, further makes them slaves of the forces of nature. If seen in isolation, a machine is a friend of the person who performs labour! But, it is wholly an enemy of the workers when it exists as the property of the capitalist.

When someone explains the consequences of the use of machine in the context of capitalist relations, the capitalist intellectual remains deaf and expresses his astonishment saying thus: 'How foolish is it to say 'no' to the machine that reduces the burden of labouring!' He expresses his astonishment by interpreting it as if these people are stupid and cannot understand the uses of a machine and as if these 'stupids' are arguing against the machine. He brings forth a cut-throat argument thus, "If it is a knife, one can cut both vegetables as well as throats! Do we oppose the knife just because of such uses?' But, the people are not opposing the knife; they are opposed to the cutting of throats by the knife. If you make knives with such shapes and techniques so as to cut throats on the one hand and if you claim that you are making knifes only to cut vegetables, those knives do not cut vegetables; but they only cut throats. As all the techniques of capitalistic machinery are cut techniques, those techniques exploit workers on a large scale than in the past and cut their throats. This, the capitalist intellectuals know thoroughly.

As the use of machinery and the experience of the workers who work on the machinery increases, intensity of labour and speed will also increase. When the workers in the industrialised countries where machine-based production was introduced, started struggle for the shortening of the working day, the governments of those countries were compelled to make laws shortening the working day. In such a situation, capitalists increase the speed of the machine and adopt methods of obtaining more production in a shortened working day. They search for ways by which they can compensate the loss incurred due to the shortening of the working

day by increasing the intensity of labour. They secure whatever benefits that are possible by such means.

Even though the working day is shortened, workers who work with speed-up machines and other methods will not enjoy the benefit of a shortened working day. Workers will wage struggles again after sometime for shortening of the working day. If the working day is shortened again, the machine will again 'improve'. Newer methods will be introduced. There is no end to this under capitalism.

The length of the working day is not the same in all the countries and in all branches of a given country. Its shortening too varies depending upon the class-consciousness and the capacity for struggle of the working class of those countries. A workers' paper from New York (America) reported that in 1824, the Bakery workers there were working for 20 hours and were on strike to shorten the working time. In 1832, the working day in England was shortened to 10 hours. By 1850, the Australian workers secured an 8-hour working day. In 1867, workers in Lancashire (England) began a struggle for 8-hour working day.

As the working day is shortened, the capitalist gets 'high-productivity yielding machines' produced. As an evidence, we find 'developed' machines in England in 1860. A factory inspector, in his report on a particular branch of production, wrote that a single machine was doing as much work as 5 machines in that branch did earlier.

The technology on which large-scale industry is based does not allow the capitalist to do whatever he wants. If the process of production by means of machinery could be carried according to the whims and fancies of the capitalist, no safety measure for the sake of workers is taken. After some time, the working class will itself vanish and the capitalists will have to close down all their industries. The technical condition of 'working with a machine' will make certain rules and regulations compulsory in the working conditions. Factory Acts concerning working hours and working conditions began only in the large-scale industry. Restriction on the working hours is a bridle on the irrational violence of the capitalist. Whether Factory Acts are implemented properly or not, the very introduction of those Acts are a consequence of conscious struggle against the conditions in the society.

Like every aspect of capitalism, the Factory Acts too function with

hypocrisy on the one hand and with a hitherto inexistant new spirit. While the capitalists try to make use of the hypocrisy of the acts, workers try to make use of the positive aspects. The Acts say that work places should be clean with adequate ventilation and workers should be provided with 'safety measures'. Usually, these 'cleanliness' and 'safety measures' will not have precise definitions. Every capitalist can easily escape from these Acts. "My factory is always clean. Ventilation?—Why adequate? It is more than that. There is no dearth of safety measures for my workers", thus says every capitalist, though there is no arrangement for drinking water.

Capitalists have to be compelled by the Acts that they should take measures for protecting the health, limbs and lives of the workers. No bigger proof than this is necessary to understand the nature of capitalism vis-à-vis workers. This means that, had those Acts not been there, the capitalists would not take even those couple of measures and would not make even those couple of arrangements for the protection of workers. The capitalist does not at all concern with the welfare of the workers.

About 200 workshops in the pottery (ceramic) industry of England were whitewashed for the first time due to the Factory Act of 1864. 20 years have passed since those workshops came into existence. The total number of the workers in those 200 workshops was 29 thousands. An Act had to be passed to tell the capitalists that the work places where workers work throughout the day should be clean! Health officers stated in many reports thus: 'each worker needs 500 cubic feet. But we can not make the capitalists implement this rule'. Which means, it is a dire need of the workers that they should work in crowded workplaces and acquire lung diseases! It is also a dire need of the workers to work in front of heavy machinery in a crowded place, break their limbs suddenly and die suddenly!

Many accidents take place while cleaning the machinery when they are in operation. As the production decreases if the machine is stopped, they clean the machine while it is running. Loss of limbs (hands and legs) appears to be a trivial thing than a decrease of his profit by one paise.

Reporting the attitude of capitalists with regard to the accidents with which workers meet, a factory inspector observed as follows: 'Some

mill owners talk about the accidents in an unpardonable and careless manner. When accidents involving cutting of fingers occur, they talk as if it is a trivial issue, which need not be taken into account, and as if the workers are 'making big fuss over a finger'. In such contexts, I always put a question to them thus: 'Suppose you need a worker. Two workers came to you. Both of them are equal in all respects. But, one worker does not have a finger. Whom do you select out of the two?' They, however, never hesitated to answer my question'. Any body can imagine what answer did the mill owners gave. 'What should I do with a fellow who does not have fingers?'—any capitalist would say this. The inspector explained to the capitalist in the language that is intelligible to him as to why a person should possess all the fingers. The capitalist cannot understand any other natural language than that!

If the capitalist provides amenities and safety measures required for the workers in their work place, he will incur more expenditure on the means of production. Since no capitalist makes such arrangements, a 'good' capitalist, if there is any, and if he has to provide those amenities, his profit will decrease to some extent. A fellow whose 'goodness' tolerates a decrease in the profit may provide, if he thinks so, some amenities to the workers. It depends upon the specific kindness and compassion. This kindness does not have any real meaning. It is merely giving the fruits of the labour of the workers to workers themselves. But, a fellow who does something which others do not do is certainly a 'kind' person. This kindness would do some good to the workers of that capitalist. The profit decreases in the case of a capitalist who provides his workers with amenities which other capitalists in the same branch of production do not provide. As it does not decrease in the case of other capitalists, that portion will be an 'additional' profit to them. This means, it is the portion that remains since the capitalists have not provided amenities for workers. That is, a capitalist would secure so much profit as much as he can keep the working conditions of the workers miserable.

For workers, most part of the day passes in the work place itself. Making conditions of that work place miserable means making the life conditions of the workers miserable. But what the capitalist thinks is that his profits would be greater because he is getting the work done by saving many expenses and that 'greater' profit has been obtained due to his efficiency only. What he saves is the amenities of the workers; the

arrangements to be done for the safety of workers. The capitalist does not think that his profits are greater simply because he is not providing any amenities. When arrangements for the welfare of workers in the work place are not made, all the products meant to be used for that purpose will be the savings for the capitalist class. The misery in the working conditions falls on the working class. The capitalist would save every expenditure in the work place except the human labour-power. That fellow misuses the living human body as he likes!

All the instruments of labour used in the process of production are the property of the capitalist. They always remain a property alien to the workers. The antagonism that workers have against the instruments of labour reaches the highest stage when that instrument assumes the form of a machine. To workers, machine appears as the representative of the capital. Having seen the loss of jobs due to the machinery, workers waged struggle to resist the introduction of machinery. When a ribbon loom was invented in Germany in the 17th century, workers killed the person who invented it by drowning him in water. When a lace machine was invented in 1623 at the city of Eden, workers did not allow it to be used until 1629. When a wool-making machine that runs on hydropower was invented, a lakh of workers together burnt it down. Workers destroyed machines on a large scale during the early days of the machinery. It took some time for the workers to understand the difference between a machine and capitalism that uses a machine.

One of the important consequences of the introduction of machinery is that women and children were able to enter into 'all kinds' of jobs. Women were participating in the labour during the period of handicrafts and manufacture as well. But machinery contributed to the entry of women into all kinds of jobs by overcoming all the limitations due to which they were hitherto confined to certain kinds of jobs. Occupational skills and physical capacities, which were necessary earlier, are not necessary now to operate the machines. Very short-term training is enough to do the work with machines. Now a situation has arisen wherein unskilled workers are able to do the jobs which only skilled workers used to do; women are able to do the jobs which only men used to do and children are able to do the jobs which only adults used to do. But this situation has reduced the value of labourer power of those jobs.

After the beginning of production by means of machinery, children

(especially girl children) began to stop their school education and increasingly enter into the factory jobs.

After mothers began to enter into factory jobs, infant deaths in the working class families increased. The number of infant deaths was less in those families where women do not go out and work. Parents in working class families do not find time for childcare. Children will not have nutritious food. Necessary medical facilities will not be available to the children with ill health. Parents give opium-like drugs to their children on many occasions. Owing to these reasons, lives of the children end in the infancy itself. Some reports indicated that opium tablets were sold extensively and that children of the working class families become old in childhood itself and look like young-aged old people. The problem of working class women who do not have any way to save the children is resolved in a particular manner. By way of death of the children. Mothers felt relieved as if the problem has been solved in that manner. The reports of the intellectuals who visited the working class localities said that it was 'unnatural' to observe working class women unmoved by the death of their children. The credit of changing mothers as unnatural beings should go solely to capitalism.

Under capitalism, every thing is contradictory. Family relations too involve contradictions. However terrible and unimaginable the disappearance of old family relations may be due to capitalism, a path would be opened whereby those relations are transformed as 'relations of freedom'. The large-scale industry subjects the economic situation and the relations of the old family system to big changes. The large-scale industry creates a material basis, which facilitates transformation of family relations into a higher form compared to the past. If this opportunity, whereby all persons irrespective of gender and age distinctions participate in labour collectively, is utilised in a correct and natural manner, it would contribute to the development of all.

> In Marx's words: "However terrible and disgusting the dissolution, under the capitalist system, of the old family ties may appear, nevertheless, modern industry, by assigning as it does an important part in the process of production, outside the domestic sphere to women, to young persons, and children of both sexes, creates a new economic foundation for a higher form of the family and of the relations between the sexes..Moreover, it is obvious that the

fact of the collective working group being composed of individuals of both sexes and all ages, must necessarily, under suitable conditions, become a source of humane development; although in its spontaneously developed, brutal, capitalistic form, where the labourer exists for the process of production for the labourer, that fact is a pestiferous source of corruption and slavery" (Capital, vol.1, p.460, Moscow 1974).

The 'Children's Employment Commission' which inspects the employment of child labourers, in England, in a report of 1866, lamented over the 'vices' of the working-class parents thus: The working-class parents are treating their children as machines that earn some money per week. Parents should not have such an authority over their children. Children are entitled legally for such rights by means of which their physical strength is not destroyed in the young age and they are not degraded morally and intellectually. The most pathetic and agonising thing according to the whole information available to us, is that children need protection from their own parents.

The cause for the lack of 'protection of the children from their parents' about which the commission lamented is the exploitation of the labour power of children and their parents by the capital. But the commission could not understand the fact that it is not due to the misuse of power by parents. The parents from the rich families are not treating their children as machine that earn money; why? Is it because they are large-hearted persons? Their large-heartiness is in their 'money'. For those working class parents who do not have that 'money', it is obligatory to earn money through their children. It is very natural for the commission not to understand the fact that the whole thing is a consequence of degraded situations created by the capitalist exploitation.

An Act that came into force in 1844 proclaimed that 'capitalists should make arrangements for the education of the child workers to some extent; that each child worker should possess a certificate stating that he is studying in a school'. Keeping aside various tricks and gimmicks with which the capitalists violated the Act, we may say that schools began to emerge within the factories. Many reports depicted the plight of those schools. Education of the child workers in those crowded rooms! The teachers in those schools were those who were not able to write even their own names correctly!

However horrible the education in these factory schools was, those children who studied for a shorter time occasionally were able to study like full-time students who sit in the schools throughout the day. As they did not have to remain in the classes for so long a time as to get bored, those children were able to learn with interest even in a shorter time. These factory schools proved the fact that we can impart both education and work together to children. Thus, the society found out a new fact that it would be interesting for the learners if they receive education and do work together instead of always receiving education or always doing work. Sitting in the school throughout the day (long-day schooling) is boring and kills interest in studies. The capacities of the children and the teachers will be wasted due to such long-day schooling.

A capitalist economist by name Senior observed in 1863 that 'Long-day Schooling' is a very bad system. (Though this gentleman said all other things in an haphazard manner).

An intellectual by name Owen too said that 'the factory system of production indicates the future form of the education system'.

Combining education, work and play is not meant for raising productive forces. It is necessary for human beings to realise the responsibility of performing labour right from the young age; to realise the need for self-supporting and to acquire appropriate ability for self-supporting. This is necessary for the emergence of a 'new human being' who has developed completely in all aspects.

> In Marx's words: "From the Factory system budded, as Robert Owen has shown us in detail the germ of the education of the future, an education that will , in the case of every child over a given age, combine productive labour with instruction and gymnastics, not only as one of the methods of adding to the efficiency of production, but as the only method of producing fully developed human beings."(Capital-1, p.454)
>
> "Modern Industry, indeed, compels society, under penalty of death, to replace the detail-worker of to-day, crippled by life-long repetition of one and the same trivial operation, and thus reduced to the mere fragment of a man, by the fully developed individual fit for a variety of labours ready to face any change of production and to whom the different social functions he performs, are but so many modes of

giving free scope to his own natural and acquired powers. One step already spontaneously taken towards effecting this revolution is the establishment of technical and agricultural schools, and of schools for vocational teaching in which the children of the workingmen receive some little instruction in technology and in the practical handling of the various implements of labour. Though the Factory Act, that first and meagre concession wrung from capital, is limited to combining elementary education with work in the factory, there can be no doubt that when the working-class comes into power, as inevitably it must, technical instruction, both theoretical and practical, will take its proper place in the working-class schools. There is also no doubt that such revolutionary ferments, the final result of which is the abolition of the old division of labour, are diametrically opposed to the capitalistic form of production and to the economic status of the labourer corresponding to that form. But the historical development of the antagonisms, immanent in a given form of production can be dissolved and a new form established." (Capital, vol.1. p.458).

Entry of large-scale machine into the work place of the capitalist means entry of the whole knowledge of nature in the service of capitalist. Once a scientific law is known to the world, every capitalist would be able to make use of it without incurring any expenditure for discovering it. The entire machine is completely dependent on science. Functioning of a machine implies functioning of science. The capitalist uses the machine, made and operated by means of science, in his work place only for earning money. Every capitalist gets experiments done constantly in order to raise his productivity in the competition with other capitalists. But no aspect of science, logic, rationality etc., is found in the life of that fellow. Without having any faith in science and without abandoning devotion and faith in things that are against science, the fellow drags science into his service and makes money out of it.

However large the machines that are used in the capitalist process of production may be and whatever be the laws of nature with which those machines operate, that knowledge does not give the scientific outlook to the society. The workers who work with the large-scale machines and who see the laws of their motion daily cannot grasp the fact that there is a relationship between those laws and the nature; that

the nature is filled with the same physical laws which are found in the machines; that the entire nature is a natural machine which runs according to rational principles; and that the whole nature is a physical world. For workers, all the laws of the machinery appear as if they are confined only to the workplace. Scientists and engineers who build wonderful machines by studying scientific laws also treat science as science, and 'creator as creator'. Those intellectuals, as soon as they come out of the machine design (to be precise, even while they are in the preparation of the machine design) imagine the 'great act' of the 'creator' and wonder at it. Ordinary workers, who observe scientific laws of the machine too bow down before the 'miracles' as well. Workers who see the capitalist making more money perceive the machine simply as a means of earning money. This is the consequence of capitalist mode of production that utilises rational laws (science) irrationally (from the money point of view). The mode of production keeps the scientific knowledge of the workers in an unconscious state and makes their consciousness contradictory in every aspect.

If a large part of commodities in a given branch are produced by means of machinery, it amounts to generalisation of machine-mode of production. Until large-scale Industry became the generalised mode of production, Domestic Industry

and Manufacture were still in existence to some extent in different forms in England.

There is no similarity between this 'Modern Domestic Industry' and the 'Earlier Domestic Industry' except in name. Same is the case with this 'Modern Manufacture' and 'Earlier Manufacture'.

Earlier Domestic Industry was in the form of production of clothes, shoes and other implements by handicraftsmen and peasants for their domestic needs and small-scale exchange. In the earlier Domestic Industry, they used to sell their products in order to get other products necessary for them.

But, the character of the Modern Domestic Industry is not like that. This is full of capitalist character. That is, it produces commodities for sale only. It is called 'Domestic Industry' because its instruments of labour and production are at the lowest level. It is run with the least number of workers and with instruments of the lowest level. Some commodity is

produced either in a portion of the house of the Master or a small rented room. Those who get this commodity produced also (the Masters also) participate in labour and engage outside labourers as well. The Master of the Modern Domestic Industry is a 'small capitalist'(petty Bourgeois). After he earns something through this Industry, the Master will stop doing labour. It is Modern Domestic Industry if a tailor makes garments for the customers. (The person who does not engage labourers is an Independent producer). Knitting things like laces, sweaters and socks, making matchboxes, bookbinding.....all such kinds of work are carried on by means of Domestic Industry.

The level of production in 'Modern Manufacture' will be much greater than Domestic Industry' and much smaller than the Large-scale Industry'. Here there will not be large-scale machines. There will not be machines of low level and certain kinds of machines that are backward and became irrelevant to Large-scale Industry. Here most part of the work is carried on with tools.

Of the 'whole production' of the society in all the branches, some commodities are produced by means of 'Domestic Industry' and some are by means of 'Manufacture'. These commodities will of course be of low quality compared with the commodities of the Large-scale Industry. These low quality commodities satisfy some of the needs of 'poor people' (especially workers who perform manual labour). These commodities are produced only for the poor working class population.

As the Domestic Industry has to compete with Manufacture and Manufacture with Factory, conditions are more tolerable in Manufacture than in Factories and in Domestic Industries than in Manufacture. While working hours of the workers are more, the wages are less. The surplus value would also be of a very low level compared with Factories.

These Domestic Industries and Manufactures (more particularly Domestic Industries) will also be ancillary units of the Factories. These units carry out such activities as: supplying small spare parts of the commodities produced in the Factory; doing finishing work of the certain specific commodities like laces and garments which are initially made in Factories. These units depend on the orders of the Factories to a large extent. There would be 'brokers' between these units and Factories. These brokers supply raw materials to the Domestic Industries from the Factories

and deliver the produced commodities back to the Factories and receive 'commission'. These brokers may be either workers or those who do not perform any labour. Generally, people who do not perform any labour act as 'Brokers'. The commissions of these Brokers are part of the 'surplus value'.

Wages in Domestic Industries are paid in the form of 'piece-wage'.

If we consider a ready-made garments factory, the commodities necessary for that factory are produced not only in that factory but in many Domestic Industries and Manufactures as well. Either cutting work is done here and the cut cloth is sent there or important parts of garments are roughly joined and sent to complete the remaining jobs. If such jobs are done cheaply outside the Factory, they prefer that. It is cheap to get certain jobs done outside not because the productivity outside the factory is more than in the factory. There, workers work for longer hours than in the factory; they even work with greater intensity. Wages are very low. No question of other amenities. Therefore, some times it is profitable for the factory to get certain jobs done outside. If the productivity in the factory further increases and if a situation arises wherein work is done with less expenditure in the factory itself than outside, they stop getting things done by outside workers. Only due to such situation, Domestic Industries and Manufactures gradually vanish and those workers will reach a stage where they don't find work.

A London shirt factory that runs with a thousand workers had 9 thousand workers in various rural areas too. All those 10 thousand people are the ones who produce the commodities of that factory. But the Factory Acts apply only to those thousand workers who were employed in that factory directly and do not apply to the 9 thousand workers who were outside the factory. Though their work is concerned with this factory alone, they do not have any protection from the Factory Acts.

According to the Factory Act of 1861, only 10 thousand workers of all the factories taken together were covered under the protection of the Act. 1 lakh 40 thousand workers remained in a situation wherein they did not get protection of the Acts. Among such workers, women and children were in considerable numbers.

As factory workers work in the same work place, the workers of Domestic Industries do not work in the same place. They are scattered at

various places without having direct relations to organise themselves. That is why, their capacity to struggle is at a low level.

Domestic Industries and Manufactures become resorts to those jobless workers who came out of Large-scale Industry and Agriculture. But there is no guarantee of employment even here.

A Report depicted the working condition in a Domestic Industry thus: 'here, finishing touches are given to the laces made in the factories. Women and children do this work. The owners of the Industry secure orders from the factories on contract basis. Here workers live in dire poverty. Pressure of work is more. They work for 18 hours in total, beginning from 6 in the morning till 12 in the mid-night. Children have 15 hours of work. They work in crowded rooms under light of gas lamps. Workers are not permitted to wear shoes even in a severe and shivering cold with a view that laces may become spoilt. They have to work speedily without raising their heads. It causes lot of pain to the eyes. The master makes rounds with canes and beat the sleepy children mercilessly. They assign some work to workers to do at home. This is more horrible than slavery'.

Modern Manufactures too are second to none to get the reputation of being a horrible work. Some London Manufactures got the titles such as 'butcher's shops'. Here, all people—elders and children¾have work throughout the day.

Domestic Industries try to grow as Manufactures, Manufactures try to grow as Factories. Those, which are placed in favourable conditions (which can exploit more), grow and those, which cannot will vanish.

Competition that goes on daily in 'Large-scale Industry' develops technical aspects, quickens the conditions, which enable only the Large-scale Industry to exist, and gradually destroys other modes of production. By destroying Independent handicrafts, Domestic Industries and Manufactures, the Large-scale Industry destroys the employment opportunities of the unemployed-working people who leave it. Thus, by closing the protective path that hitherto existed in the social mechanism, it itself quickens the danger that would fall on its head.

When the system of machinery establishes itself to a sufficient extent in all the spheres of production of a given country; when machines begin to be produced by means of machinery; when such Industries as

metallic industry, coal industry, chemical industry, transport industry, the news media and communication industry etc., are adequately developed—when all these conditions are formed, it means that minimal general conditions necessary for 'large-scale' industry have been formed. Thereafter, this mode of production acquires the capacity necessary to expand in big leaps. Therefore, there won't be any limit to its expansion—except such limits as the availability of raw materials and finding of markets for the commodities produced. Narrow 'national' limits become irrelevant for the large-scale industry that produces with extraordinary leaps. It should have an opportunity so that it can sell in foreign markets if necessary. Means of transport and communication will function as big weapons for an Industrial country to intrude into foreign markets. A capitalist would take his commodities to foreign countries and sell them there even if his own country needs his commodities in case he gets more profit by selling in the foreign market. It is his commodity and it is his will! He has the right to sell it wherever he likes!

The capitalists of an industrialised country who produces by means of Large-scale industries occupy the markets of those countries with backward modes of production. They create a situation wherein the Independent producers and the capitalists of those backward countries cannot compete with them. They convert the industries of those countries in such a way that they produce only certain kinds of raw materials and supply the same to them. They take those raw materials to their countries through the developed means of transport, turn them into usable commodities and then sell them to other countries.

An industrialised country (that is, its capitalists) wherever it takes roots, creates such situation wherein the majority of the labourers of a given country are made unemployed; starved to death, compelled to emigrate to other countries and countries become colonies. Thenceforth, all the colonies turn to be settlements that produce raw materials necessary for 'Master' countries.

India had to produce raw materials like cotton, wool, jute, indigo etc., for British industries. If export of cotton to Britain from India in 1846 was 4 crore pounds, it became 45 crore pounds by 1865. India had to deliver cotton to Britain and buy the garments made in Britain with its cotton—while lacs of weavers in India were dying of starvation due to unemployment.

Similarly, Britain converted lands in Australia as meadows for raising sheep. If 2 crore pounds of wool had been exported from Australia to Britain in 1846, it became 11 crore pounds by 1865.

Thus, emerges a new kind of division of labour between the 'Master' country and its colonies. If producing raw materials and raw agricultural products necessary for the Industries is the task of colonies, turning them into commodities is the task of industrial countries. This division of labour continues to exist in the interests of the Master countries.

The technical foundation of the Large-scale Industry is revolutionary. Its productive forces do not remain in the same form for a long time. Its instruments of labour change in a very short span of time. Compared with technical foundations of the past modes of production which remain fixed and unchanged for generations, changes in the Large-scale industry are extremely rapid. The Large-scale industry constantly transforms the technical conditions of the mode of production by means of constantly developing techniques and chemical processes. It constantly transforms the jobs of the workers and combinations of workers in the process of production. Thus, Large-scale industry subjects the division of labour in the society to serious changes. It constantly throws capital and workers from one branch of industry to another and gives rise to the need and opportunity for workers to move in all directions. On the one hand, it destroys a kind of stability, leisure and safety of the workers that existed in the past and on the other hand it moulds the workers in such a way that they acquire ability and capacity.

The capacity of the Large-scale industrial mode of production that expands suddenly and with bigger and bigger leaps and its need for a world-market will necessarily and periodically leads to industrial crises. Heaps of commodities accumulated due to 'over-production'; lack of market for selling; compulsion to decrease production or stop production for some time; unemployment etc., —all these conditions follow one another rapidly. This situation periodically, inevitably and so naturally as a 'natural cycle' gives rise to an 'Industrial cycle' consisting of various stages. These stages include: accumulation of raising productivity forces initially in the hands of a few capitalists of all the branches; production of commodities in heaps; stagnation of production; impossibility of reproduction; movement of commodities accompanied by many losses

and many harmful consequences. Every Industrial cycle takes the social productive force to a higher level than earlier.

By raising social productive power, the capitalist class unconsciously subjects production relations and along with them all relations in the society to drastic changes. All such features as constant disorder in all the social conditions, everlasting uncertainty, agitation etc., make the capitalist society as something that has a special character different from the earlier societies.

The antiquated production relations that have been in existence without any change for a very long time frozen like a rock and along with it various antiquated ideologies will be routed out by the cyclonic storm of the Large-scale industry.

All that appears 'stable' becomes 'unstable', all that appear 'eternal' becomes 'transient'. All the 'holy' things appear to be 'unholy'. Everything that is 'respectable' becomes 'disrespectable'.

By 'revolutionising' fundamentally the relations between the capitalists and the workers and ripening material conditions, the Large-scale industry ripens the contradictions of capitalism. Thus, it ripens the forces that are able to demolish the old exploitative society and build a 'new society'.

7. Large-scale industry in agriculture

Cultivation by means of machinery is Large-scale Industry in Agriculture. Whatever conditions are formed when machinery is introduced in the Industry, the same conditions will be formed when machinery is introduced in Agriculture.

Dissolution of the system of 'feudal rent' and development of the system of 'capitalist rent' increases further with the introduction of machinery into agriculture.

The 'feudal peasant' who works himself with tools like spades, crow-bars, ploughs, sickles becomes in due course of time a wage-labourer on the same soil and engages in operating machines or in other activities under the domination of a capitalist farmer owing to the emergence of such agricultural machinery as ploughing machines, digging machine and cutting machines. The peasant who is a labouring person and who was

the backbone of Agriculture in the past will now become a wage-labourer as a result of the introduction of the machines. The results that follow are akin to those that occur in the 'industrial' sector.

Agricultural machinery opens the path whereby all the tasks, that were hitherto carried out with difficulty and irrationality, will now be carried out easily and rationally. It increases jobs (employment) by cultivating land several times more than in the past and makes people unemployed by raising the productive forces.

Only when certain constructions, irrigation projects, measures contributing to the fertility of the land are made on the land so as to facilitate cultivation, agriculture gives more results. But the capitalist agriculture does not like to dump capital in the rented land because of the condition that it is not possible to take back the capital invested in the land after the tenancy tenure. This contradiction keeps the agricultural sector undeveloped. When industry and agriculture are compared, it is possible for the capitalist to invest any amount of capital in industries. It is not possible to do so in agriculture. Yet, there exists competition between one capitalist and another in the agricultural sector within the prevailing limits. It keeps on raising productive forces to some level or the other. These productive forces periodically drive away certain number of agricultural labourers since it is not possible to keep on increasing the extent of land, which is in the hands of the capitalist.

For the agricultural population who lost their jobs, towns become shelters. Though unemployment is seen in its violent dimensions, the job-less agricultural population has no other way than going to towns.

All these developments that arise from the machine shatter into pieces the living conditions of the family members of the feudal peasant. But, this situation gives rise to a kind of free relations for the family members of the feudal peasant who have been tied down to the rented land with a kind of slave relations, by converting into wage-labourers without means of production.

In the course time, capitalist system of machinery completes the process of separation of agriculture and industry (handicrafts) which was still incomplete till then.

Agriculture and handicrafts existed as tasks of a single person or group in their infancy. At that time, there was no such division as 'town'

and 'countryside'. But, as the two (Agriculture and Handicrafts) develop beyond their infancy, it is natural for them to separate as tasks to be performed by different persons. Separation of agriculture and industries is a long-drawn change that took many hundreds of years. Into this division that took place as a 'natural need' entered the capitalistic character.

The processes of establishment of industrial areas as towns and agricultural areas as villages and breaking of all the relations that remain between Agriculture and Industry will be completed by the arrival of Large-scale Industry.

At the same time and from another angle, developing material conditions that lead to the abolition of capitalism will also create conditions necessary for a new and higher combination of agriculture and industry in another form (that takes place in the new society). (This means that agriculture and industry should be combined in the 'new society').

As in industry, the rise of productivity in modern agriculture is possible by such situations as reducing the value of the labour power to the lowest level and compelling labourers to emigrate when there are no jobs. As a result of increased productivity, a situation arises where less number of people would be enough to work on extensive tracts of lands instead of more people working on smaller stretches of land. The concentration of labourers would thereby decrease. This situation becomes a kind of obstacle to the resistance of labouring people.

By chasing away the rural population to towns, capitalism enhances conditions wherein workers live in crowded environs and destroys the physical and mental health of all the workers.

By centralising all the industries, technical education and arts in towns and by not providing such opportunities to villages, capitalism narrows down the intellectual life of rural population. It does not mean that intellectual life of the urban workers develops at a higher level. But, certain minimum opportunities like education and arts, which the urban population receives, would not be available to the rural population.

The progress of modern agriculture not only depends upon the exploitation of the work force but also upon the destruction of the soil power. Capitalist agriculture exists only in such a way that it dumps chemicals and fertilisers on the land with a zealousness to derive more

benefit from the land before the tenancy tenure expires. Capitalism does not think in terms of: utilising soil in natural ways only; and not creating a situation where the soil is abused, exhausted and turn into a desert. Its zealousness for 'profits' would be in that manner only. Even if we assume that the capitalist has earned land for himself, or a landlord himself is getting his land cultivated, the whole cultivation would be carried out in unnatural capitalist methods that harm the land.

There is a danger of diminishing soil fertility in the countryside due to conditions of large-scale emigration of people to the towns from the countryside. The land in the countryside gradually loses the opportunity of being fertile by the excreta of human beings and their domestic animals. Though land in the towns get such an opportunity, it goes waste where there is no agriculture. The emigration of rural population becomes an obstacle in the way of re-channelling the essence that has been taken in the form of food from the soil, being taken back to the soil in the form of excreta, and preventing the soil from diminishing in fertility.

Capitalism seeks to increase the soil fertility for the purpose of more production. But, it can do so only through artificial ways that cause damage to the soil. The whole progress that is achieved by capitalism in increasing soil fertility would be a progress, which destroys the ways that permanently preserves the soil fertility.

Any agricultural region would achieve the progress of destroying soil fertility as rapidly as it achieves higher productivity.

> In Marx's words: "..all progress in capitalistic agriculture is a progress in the art, not only of robbing the labourer, but of robbing the soil; all progress in increasing the fertility of the soil for a given time, is a progress towards ruining the lasting sources of that fertility. The more a country starts its development of the foundation of Modern Industry, like the United States, for example, the more rapid is this process of destruction. Capitalist production, therefore, develops technology and the combining together of various processes into a social whole, only by sapping the original sources of all wealth—the soil and the labourer." (Capital, vol.1, p.474-5).
>
> "Large-scale industry and large-scale mechanised agriculture work together. If originally distinguished by the fact that the former lays waste and destroys principally labour-power, hence the natural force

> of human beings, whereas the latter more directly exhausts the natural vitality of the soil, they join hands in the further course of development in that the industrial system in the country-side also enervates the labourers, and industry and commerce on their part supply agriculture with the means for exhausting the soil". (Capital, vol.3, p.813)

The 'new society' which considers the welfare of the labouring people and protection of the soil as its 'objectives' will have to re-unite town and the countryside. Instead of carrying agriculture at one place and industries at another place, there should be a system of producing both kinds of products in the same region. Moreover, people who participate in production should perform both the kinds of labour instead of doing either simply industrial labour or simply agricultural labour. Labourers concerning horticulture, animal husbandry, fisheries, forestry, milk production etc., belong to agricultural labour. Labouring persons should perform certain kinds of mental labour and certain kinds of manual labour belonging to agriculture; and certain kinds of mental labour and certain kinds of manual labour belonging to the industrial sector. When these changes take place, agriculture and industry will unite again in a higher form. Then countryside and town will become one. It follows that the situation—whereby regions get separated with their respective specific features: one as countryside and another as town—will vanish.

Large-scale Industry provides the material basis suitable to this change.

Questions :

1. What does a 'machine' mean? What is an automatic machine? What is a 'heavy machine'?
2. Bus, train, aeroplane, pen, gas stove, fan, phone, loom, spinning wheel — Are these machines?
3. When a heavy machine becomes an instrument of labour,what is the change that occurs in the relationship between the labouring person and the instrument of labour?
4. What are the other names for 'Large-scale Industry'?
5. Does an automatic machine work without the need of a 'human being'?

6. Machine lays the foundation for changing the old division of labour. How?
7. When does a new instrument of labour replace the old one in a given kind of labour?
8. When can we say that productivity has risen as a result of the use of machine?
9. The value of an article made by tool = Expenditure of tool 2 + Living labour 15 = 17. The value of an article made by a machine = Expenditure of a machine 6+Living labour 4=10. The difference between the two articles is 7. In these 2 examples, there is no mention of the value of the raw materials and auxiliary materials. Add some value towards the two in both the examples. Then, what is the increase in the value of the tool-made article? What is the increase in the value of the machine-made article? Will the difference between the two be only 7 or will it increase?
10. If the additional value spent on the machine (over and abovethe value of the tool) and the wages which that machine reduces are equal, does it mean that productivity has increased or not?
11. Value of the machine is 1800. By the time it is worn out, 300 articles are produced. Value of the tool is 6. By the time it is worn out, 12 articles are produced. How many tools are spent if the same amount of work is done by means of tool as is done by means of a machine. What is their value?
12. Value of the tool is 10. It lasts for 10 hours. 10 articles are produced with it. Let us suppose that value of the machine and the productivity have become double. Then, how will the value that is transferred to 1 article from the machine vary?
13. Workers in an example are 10. Wage of each person is 5. Rate of surplus value is 100%. What is the quantity of Surplus value? Workers in another example are 2. Wages Are 6. Rate of surplus value is 200%. What is the quantity of surplus value?
14. Is computer a machine? Will more jobs be created if we imagine that computers have been introduced in all the places wherever it is possible to use them?

15. A modern instrument of labour is always introduced in the place of an old instrument of labour in a given kind of labour. For example, electric-fan instead of a hand-fan, gas-stove instead of firewood stove, bus and train instead of bullock-cart.. ..Give at least 10 such examples.

16. Is 'bullock-cart raw material or instrument of labour in a 'bullock-cart transport'?

17. Will the number of workers increase or decrease if capital increases without an increase in the productivity?

18. If we calculate the expenditure on the new machine in 1 day, it is 200 more than the expenditure of the tool. The introduction of that machine reduces 200 wages per day. Rate of surplus value is 200%. How much value does that machine reduce in 1 day? Will the Capitalist get this machine or not?

19. Which of the following is correct and which is wrong?
    1. Machine increases unemployment.
    2. Increase in productivity increases unemployment.
    3. Machine as the property of the capitalist increase Unemployment.
    4. Growth of productivity in capitalism increases un-employment.
    5. If additional labour spent on the machine and the Living labour that decreases due to that machine are Equal, it amounts to an increase in productivity.

20. What sort of instruments of labour are there in your work place? Are there heavy machines? What sort of problems do face?

21. Whenever we speak of 'your workplace', you should not consider it merely as 'factory'. If you are a teacher, your school itself is your workplace. Whenever you work for 'wages' and whatever you do, you keep in view only your workplace. Are all the arrangements in your work place very comfortable? Or, are there any defects? What more amenities do you think need to be provided? Write about them all in an order!

22. Workers become deaf due to machines that are very noisy. Eyes of those workers who work at the welding machines get damaged. Give some more such examples. Give your opinion as to what precautions need to be taken in order to carry on that work without such problems.

23. What is the role that a machine plays in a capitalist workplace.
24. Does your 'Master' come to the workplace? Let us suppose that you are a lorry-driver. Let us suppose that your capitalist master too becomes your equal. Imagine that he drives the lorry and does night shifts. Would you like such a change or would you find it difficult?
25. Are you a worker who work with machines? Do you engage inperforming 'puuja' (worship) occasionally and garlanding the machines? Do you do such things as offering camphor to buses and lorries? Do you really believe that accidents occur if you don't offer 'puuja'(worship) to the machines? What according to you is the relationship between not doing any 'puuja' and the accidents that occur?
26. Doctors and scientists too perform 'puuja'(worship) before their instruments of labour. Give some such examples that you know.
27. All the eatables sold in the hotel are not prepared in that hotel alone. Hotel sells certain kinds of eatables, which have been prepared in and brought from the Domestic Industries. Give some such examples.
28. Special note to Artists:
    Draw a picture of a workplace crowded with machines. It may be a press. It may be an oil-mill, rice-mill or any thing else. The machine in the workplace should appear like a big 'ghost'.

●

Chapter 4

'Capital' subjugates 'labour'

Capital subjugates labour only because the labourers do not own the means of production. The relation between the capital and the labour did not reach an antagonistic level right at the first phase of capitalism. There are 2 phases in which capital subjugates labour to its domination of capital.

(1) Formal subjugation.
(2) Real subjugation.

All such aspects which we are discussing, namely, 'capitalist society', 'capitalist mode of production', 'contradictions' that arise due to 'capitalist mode of production', did not exist with the same intensity right from the beginning of 'capital'.

How did this 'capital' actually come into existence in society? 'Capital' means, 'social labour' accumulated in a large quantity. How did the classes, which had not been doing labour from the remote past, secure this large quantity of labour?

'Capital' has been in existence in the form of 'merchant capital' and 'interest-bearing capital' since the days even before the beginning of the capitalist mode of production. At that time, producers who were not alienated from the means of production (e.g., feudal peasants) used to sell a portion of their 'surplus production' to merchants (though they used to pay a large part of the surplus as rent!). They used to leave some portion of the value of the commodity sold as 'commission' to the merchants. Thus the merchant class had been earning 'surplus value' without doing labour. Similarly, a way was found whereby surplus value could be earned by giving loans on 'interest'. Those lenders were either merchants or landlords. Thus, the possibility was already there for the 'accumulation' of a quantity of money by means of commercial profit, interest and rent.

Interest-bearing capital and merchant capital too played major roles in depriving feudal peasants (who perform labour for themselves) of the means of production. Merchant capital and Interest-bearing capital existed as transitional forms between the ancient mode of production that did not involve any kind of capital and the capitalist mode of production. After capitalism began, the 2 forms got united in it as its sub-forms.

The path that led to the capitalist mode of production is nothing but the path that led to the alienation of producers from their means of production.

The main source for accumulation of a quantity of capital (primitive accumulation) is nothing but expropriation of the property of the producers. 'Property of producers' means the 'surplus value' extracted from the properties until then. Only a portion of that surplus value could turn into 'capital'. Further, 'property of the producers' also means the land, which was under their custody until then. A stage in the expropriation

of the property is completed with the snatching away of the land from the producers. We call this expropriation of property 'primitive accumulation' because it represents the 'first stage' of capitalist mode of production.

Thereafter, labouring people move from the feudal slavery and enter the capitalist slavery. However, the capitalist slavery would not involve serious contradiction in the beginning.

As long as production is carried out at an appropriate level keeping in view simply the market needs, such a mode of production would not acquire 'capitalistic character' as such—though that mode of production is carried out under the control of the capitalist.

With the gradual development of an orientation and opportunities to secure more profit by producing more commodities disregarding the level of market needs (that is, disregarding the possible quantity of saleable commodities), the mode of production begins to acquire capitalist character. The first mode too has to transform itself inevitably into this because that too is dependent on the 'exploitation' of labour.

When 'increasing of profits' becomes the objective of production, 'production for the sake of production' begins. Then there begins a difference in the modes of making labourers perform 'surplus labour'. Because of the zealousness for 'surplus profits', instruments of labour, labour processes will be subjected to major changes.

Labourers will be subjected to a higher degree of exploitation than in the past. Capitalist relations will begin thenceforth in their real sense. 'Capital' will come into existence with its natural character. This stage had begun in the final stage of Guilds in England.

Whenever the 'process of production' acquires capitalistic character, capital subjugates labour to its rule of in reality. Exploitation of labour at a higher magnitude and control over labour on a large scale will begin.

A mode of production with the capitalistic character begins in two ways by means of transformation of a Guild Master into a capitalist who does not perform labour anymore; and by means of transformation of a Merchant into a Productive capitalist who gets commodities produced.

Capitalist mode of production established itself in the place of old mode of production after many a struggle by the capitalists against the

excessive rights of the feudal landlords and the restrictions imposed on Guilds forbidding more production. Hence, capitalism became a 'rebellious force' that opposed 'revolutionarily' the 'conservative mode of production' and its relations. It was a revolutionary force in the history to the extent it liberated labourers from feudal servitude and restrictions. But in the subsequent periods of time, it acted as a counter-revolutionary force since it became an obstacle in the way of real emancipation of the labourers. There are no more revolutionary elements, which one can expect from capitalism that has become an obstacle to the emancipation of the labouring class and thereby to the emancipation of humankind.

1. 'Capital', a historical relation of production

To the question 'what is capital?', the capitalist economist would immediately provide an answer: "It is the means of production and the wages of workers". It is the meaning, which that gentleman 'knows' and 'believes'. 'Capital' merely includes "means of production and the wages of the workers'. Then, will it not be enough if they are reproduced after they have been used up? Should 'profit' too be secured on them? — These questions need necessarily be raised.

This is how capitalist economist explains why capital should get 'profit'. "Human society always needs products. To get these products, 'capital' is a prerequisite. Who will provide 'means of production' if there is capital? Who will give 'wages' to the workers? Why would any person invest capital if he does not get profit on the capital that bears this entire burden and responsibility? What does a person expect and invest 'capital' if initially invested amount alone comes back? No one would invest capital if he won't get 'profit'. If capital is not invested, products will not be produced at all in the society. Human beings cannot survive if there are no products. Therefore, capitalist who invests capital, and 'profit' for him must necessarily exist in order that all the things necessary for human beings be produced."

When the things are understood in this way, a mode of production that is carried out with a 'view to earn profit' (profit-orientation) appears to be an inevitable and eternal mode of production. In this argument, except such terms as 'capital', 'profit', the term 'labour' is not heard. Instead of the term 'labour', the term 'wage' is used. Capital, wage and profit! According to this argument, all these three are compulsory for the

survival of the society. If the worker receives 'wage', the capitalist receives 'profit'. These two things are alike according to this argument; both labourer and capitalist are alike.

Those who adopt this argument say, "it is true that labourers were in the inferior position than the Masters because they existed as slaves and feudal peasants. But now such a situation does not exist. Now workers have attained equal status. Now all human beings are equal. There are no changes that have to take place any more in the human relationships. Workers could come to the capitalists, ask them for jobs, do the work, which the capitalists assign, take the wages, go back home and live 'comfortably'. Thus the mode of production that gives wages to workers and profits to the capitalist is very right. This is not like other modes of production. This is the most perfect mode of production. Production has to be carried out by means of this mode of production for crores and crores of years so long as human beings live on the earth. No changes in this mode of production need take place further. This is an 'eternal' mode of production. Such is the understanding of the capitalists and their economists regarding this mode of production.

That is why, the question 'what is capital' has become for us so important.

If capital means some means of production, some necessaries of life, it is not enough to reproduce them when they have been used up? Is new cotton not enough in lieu of the used-up cotton? Should 'profit' be obtained on the old cotton too? Is a new loom not enough in lieu of used-up loom? Should 'profit' be obtained on the old loom too? If we thus examine things questioningly, we will arrive at the conclusion that profit does not come on the used-up cotton, loom or any other factor of production. Profit does not come on any article that functions as capital; it is the person who owns those articles as his private property that gets profit! This means, it is not capital that has to get profit but it is the right which a person has got over that capital. As an individual is playing the role of investing capital, that person would secure the right to receive some portion from the 'production'.

But, what will happen if the entire population in the society collectively undertakes the responsibility of producing all the articles necessary for the society? 'How that plan should be' is another point. It

is wholly a 'technical' point. Even if some mistakes are made in the beginning, proper experiences will gradually be gained. (We will see about this collective plan in the chapter 'Expansion of Capital'). If the production processes necessary for the society are 'collectively' organised, whom does some portion of the production then go under the label of 'profit'? —It need not go to any one. Even then, without the need for the label 'profit', all products necessary to the society would be produced.

What do capitalist economists say now?

Though they are surprised to note that the society is able to secure products without reference to 'profit' and though it is distasteful to their capitalist tongues, these intellectuals are bound to accept the fact that it is possible to secure products without profit.

If we consider 'means of production' in isolation, they do not constitute 'capital'. They are merely means of production. But they become 'capital' only due to a 'specific system' in which they are used. Only when they are placed in a relation with the 'wage-labour', do they become 'capital' and its owner becomes a 'capitalist'. It means that 'profit' comes not for the means of production but for the system that makes them 'capital'; due to the relationship which makes 'capital' as private property. That is why, capital does not simply mean 'some amount of money' or 'some articles'. It is a relationship whereby that money and those articles exist as 'private property'. It doesn't help if that private property is in the form as it existed in the earlier societies. Only that private property which secures surplus value is 'capital'. Only that private property which is in a specific relationship is 'capital'. Hence, capital means a 'specific mode of production'; a specific 'relation of production'. In this specific relation of production, the opposite side to capital is wage-labour. Capital is the opposite side of the wage-labour. The antagonistic relation between these 2 poles is 'capitalist relations of production'.

The capitalist economist examines in a half-baked manner the relationship between means of production and labour and perceives means of production itself as capital. As the production cannot be carried out without means of production, he thinks that production cannot be carried out without capital.

If 'capital' is inevitable, along with it 'wage-labour' too is inevitable. Surplus value is inevitable! Which means 'exploitation' is inevitable.

If the exploitative relationship between 'means of production' and 'labour' existed with certain variations between different classes in the past societies, now it is between the working class and the capitalist class.

Human beings, by nature, are neither slaves nor slave-masters; neither feudal peasants nor landlords; neither workers nor capitalists. All these relations among human beings are transitional relations of production formed in the course of historical evolution. Capital too is a transitional relationship. It is a relation that has been formed at a particular stage in the course of history.

The basis for our observation that capitalist mode of production too is transitory is evident from the antagonistic contradictions that existed between means of production and labour in this mode of production too. This situation will inevitably eliminate antagonistic relation between these two factors leads to a higher relationship. As capitalism developed from the past systems, a higher means of production will develop from capitalism, which still involves antagonistic contradictions. This development should continue until the elimination of the antagonistic contradictions between means of production and labour.

But the capitalist who is not concerned with these aspects eulogise this mode of production, which creates money out of human blood and flesh and which stinks with the blood-stained money, as the most comprehensive, higher and eternal mode of production. He concludes thus: "A mode of production without private property? It is something that does not occur. Nobody will have any incentive to produce if they do not have private property".

Then, our argument with the capitalist will be as follows: "How much are you 'producing' as a person who has private property? Workers are producing even if they don't have private property, aren't they? There are many crores of unemployed people throughout the world ready to do jobs if available; aren't they? Why do they have incentive to do work even without possessing private property?"

"Wages are needed in order to live. Then what else can they do if not work?"

"Why can't the people, who are ready to work under a Master for survival, be ready to work without a Master for their survival?"

"They are tough and determined even when there is a Master. Then how can they work if there is no master?"

"What will they eat if they don't get down to work?"

"It is enough if there is no work; they would even stop eating"

"Well, it is good! Why should any one get down to work if it is possible to live even if he stops eating? Those who do not want food will stop working too. Those who want food alone will do the work. What is confusing here? What is the problem with those who stopped both work and food? The problem is only with those who want feasts, entertainment and riches without doing any work."

The capitalist who until then answered rapidly will not talk any further. He immerses in deciding whether he would need food when these workers come to power, if at all they come into power. All these days his ownership of the 'property' provided him enjoyment and riches without his doing any labour. He has fear within him that his ownership would be sacked today or tomorrow. Yet, he recoups courage thinking that all that won't happen at any cost. He believes that his exploitative property, his daylong rest, his domination over co-human beings¾all these would remain undisturbed forever.

At any rate, the fellow does not get such doubts as: "All the property relations of the olden days have undergone change, haven't they? Slave masters have been eliminated, feudal lords have been eliminated. Then will these capitalists live on forever? Are these money relations ageless and deathless?"

"Past societies changed because they were somewhat bad. Now, things are different. These capitalist relations are free and independent," saying thus, he keeps his economists, intellectuals and philosophers around him and pointing at the society filled with crores and crores of starving poor people, he declares that 'this society has reached the highest stage". Pointing at the idols that surrounded him, he says: "If you want, you ask these intellectuals". Those idol-like intellectuals say thus: "Whatever his lordship hath said is truth. In this highest stage some people may not get food. It is inevitable? Yet, will their bellies not be filled with food at the sight of his lordship?"

Economists like Sismondi and Robert Owen, who do not accept a society where poverty exists along side of wealth as the highest form of society, did not recognise the capitalist society also as the highest form of society. They dreamt of many changes that have to take place in the society. However, as they did not understand 'exploitation', they could not grasp the root cause of the evil seen in the society. Owen, for example, attributed the whole fault to 'money'. He thought that human relations were becoming intolerable due to the existence of 'money' in the society. For him, problems which money creates problems which exploitation created. Hence, instead of abolishing exploitation, he thought of abolishing money.

If there is any harm due to money, it should create the same kind of problems for all people in the society. But, in the society where money exists, only labourers are in misery and capitalists are not in any misery or poverty. A person who cannot grasp the basis of exploitation, however pure hearted he may be and anxious for higher human relations, cannot touch the root of the problem. Hence, the proposal for the abolition of money remained as an ideal paved with good intentions.

To understand human society, understanding the nature of production relations is the only solution.

It is possible to understand the evils of capital only when we consider capital, not simply as some amount of money or some means of production, but as an exploitative relation of production.

However much the capitalist economists may eulogise capitalist relations as the highest relations, these are necessary exploitative relations. Therefore, like the past exploitative relations, they too have to give way to the higher relations and have to go into the annals of history. Capitalist ignorance alone treats capital as an 'eternal relation' and 'the highest relation' instead of a historical relation and keeps itself in this illusion.

2. Capital in the 'capitalist society' and capital in the 'new society'

To carry on production in any society, means of production and human beings (means of subsistence for those humans) are necessary. Capitalist society combines the expenditure incurred on these 2 factors (expenditure on means of production and expenditure on wages) and refers

to them with only one word 'capital'. For the capitalist, these 2 factors are the same.

That fellow merely thinks thus: "What is the total capital that I am investing on these two factors taken together? Is an excess over that returning or not?" The entire interest of that fellow is on the third aspect (the surplus value) on which he gets in addition to those 2 factors!

Under capitalism, means of production and means of subsistence of workers together constitute 'capital'. People with this understanding argue that capital is necessary in order to carry on production".

But, under the 'new mode of production' these 2 factors should be considered separately. We have to say that "means of production and producers are necessary in order to carry on production", but 'capital is not necessary in order to carry on production'. When we say that 'producers are necessary', it also means that 'they need means of subsistence'. Which means that even in the context of new society, the 2 factors, namely, (1) means of production and (2) means of subsistence are necessary in order to carry on the production process. We may combine these 2 factors into one and call it 'means of production', because these 2 kinds of means are necessary in order to carry on the production process. We refer to these 2 factors, which others refer as 'capital' in the capitalist sense, as 'means of production' (without calling it 'capital') in a new sense.

Let us now examine questions such as 'what role does capital play under capitalism?' and 'what role does the means of production play?' in the new society?

'Capital' should produce more value over and above its own value. If capital does not discharge this duty, the class that does not do labour will not get food. Here, it is not enough if the same factors, which have been spent as capital (means of production and means of subsistence of labourers) are reproduced again. If it happens, the working class would get food but the capitalist would not get his 'food'. Additional products too should necessarily be produced. Those surplus products would be consumed by the whole class that does not do any labour (sections that consume profit, commission, interest, rent and taxes).

The non-labouring class (the class that does not do any labour) consumes 'surplus products' from out of the past quantity while workers

work with means of production consume means of subsistence and produce new quantity of products. The quantity is again produced and the same thing happens. The same thing happens all the time.

But, the means of production are not required to play the role of capital in the 'new society'.

In the 'new society', the entire population performs labour. This is the first condition of this society. As the means of subsistence of the workers are part of 'capital' under capitalism, the means of subsistence, under the system wherein all people do labour, will be part of means of production spent initially. The sum total of raw materials etc., necessary to make the products afresh on the one hand and the means of subsistence, which the whole population consumes on the other, constitute 'initially spent means of production'. Whatever be the quantity of these means of production, it is enough if the same quantity is produced again with the same expenditure. New means of production and new means of subsistence needed for all are included in that 'new quantity'. Here, the initially spent products do not and need not give more products than their expenditure.

Let us see these points through an example:

In a capitalist society, the total social capital in a year is 100; its proportions are 40 constant+60 variable. Rate of surplus value is 100%. The value of the quantity of products produced=40 constant+60 variable+60 surplus value=160. This quantity of 160 value includes new means of production of 40 value and means of subsistence of 60+60=120 value. That is, in this example, the working class spent a living labour of 120 value on the means of production of 40 value. It consumed means of subsistence of 60 value for its maintenance in the course of production process. Finally, it produced a quantity of products of 160 value. Out of this produced quantity, means of production of 40 value constitute new means of production. Means of subsistence of 60 value would again be spent on the working class. Means of subsistence of another 60 value would be needed for the capitalist class until a new quantity is produced. Which means, here the capital of 100 produced articles of 160 value. Out of it 60 is the surplus value. This society requires products of 160 value per year.

The whole situation would be different in the 'new society'. Here also we can understand the point easily if we take the same figures as in

the first example. That is, let us suppose that here also the society needs a quantity of products of 40 value per year. That value should include means of production of 40 value and means of subsistence of 120 value. The whole population performs labour and produces this quantity of 160 value. The expenditure initially incurred on this quantity is 40 means of production + 120 means of subsistence = 160. The value of the produced quantity too is 160.

Under capitalism, the value of capital is 100. The value of the articles produced with that capital is 160.

In the 'new society', the value of the means of production is 160. The value of the quantity of the products produced with those means is 160.

The quantity of production in capitalist society consists of 3 parts: 40 constant + 60 variable + 60 surplus value. The quantity of production in the 'new society' consists of 2 parts: 40 means of production + 120 means of subsistence. Here, there is no portion of 'surplus products'. It has merged with the second portion. If the living labour splits into 2 parts under capitalism, here the whole of it constitutes a single part. Here capitalists have merged with workers. As all people here perform labour, they produce their respective products. Whatever they spend initially, they reproduce the same amount only. Here, there won't be a system of living on profit, commission, interest, rent, taxes etc. As there won't be a need to leave certain portions out of the quantity of production under those heads, here there won't be a portion called 'surplus production'. It is enough if the whole population reproduces the same amount of production which they all use in a year. Here all people consume previous grain and produce new grain, use previous clothing and produce new clothing, use previous means of production and produce the new means of production. They produce everything in this way.

If we examine the fact that the previous products are used up and new ones are produced, the same thing occurs in any society. On the one hand, previous products are used up and on the other hand new products are produced. But, in exploitative systems, only one class participates in the 'work' and the other class does not. But, both classes use products.

In the 'new system', both classes participate not only in consumption

but in doing labour as well. Owing to this, the 2 classes would become one.

If we consider quantity of production in terms of use-values, use-values reproduced are same in number as the use-values used-up. If we consider the 'quantity of production' in terms of value, the amount of the value reproduced is the same as that of the value used-up. Here, there won't be any difference either in quantity or value between the initially advanced 'capital' (we should not call this 'capital', but in case we call it so) and the new production which is produced due to that capital. Which means, capital here abandons its capitalistic character (the character of producing more value than its own). It functions merely as 'means of production' instead of 'capital'. —This is the difference between the role, which the capital plays under capitalism, and the role, which it plays in the new system. In fact, we should not call means of production 'capital' in the new society. We called it 'capital' only to make our example simple.

We have to properly understand the point that there won't be surplus labour in the 'new society'. We have seen this point in detail in the chapter on 'working day'. (If 'c + v' are spent in a process of production and a value higher than 'c + v' is produced, that higher value represents the surplus labour. But if the producers use that surplus labour for their own sake, it won't be 'surplus labour' in that sense. The labour, which a labouring person does not receive, would alone become 'surplus labour'.)

Whatever people do for the sake of their own children would not be 'surplus labour'. Similarly, performing more labour for the sake of 'new use-values' necessary for all or for the sake of 'new needs' would not be 'surplus labour'. We will see some more details regarding these issues in the chapter on 'Expansion of capital'.

If more products are required than those, which are being used, it is always possible to produce them.

When capital gives up the need to produce more value than its own, it loses 'capitalistic character'. The antagonistic character existed hitherto between 'means of production' and 'labour' would disappear. Then 'capital' would also lose the name of 'capital'. Then capital will exist only under the name 'means of production'. If this has to happen there should be no class that lives without doing any labour.

Questions :

1. What does 'subjugation' of labour to capital mean?
2. Did the ownership of the propertied persons before capitalism not subjugate labour?
3. What are the other names of 'capitalist mode of production'?
4. 'Workers are in a situation of equality with the capitalists who are their Masters'. What is the contradiction in this statement?
5. Who should get 'profit'? Raw materials? Instruments of production? Auxiliary materials? Wages? Who?
6. How can we say that there is a contradiction between means of production and labour under capitalism just as it was under slave society and feudal society.
7. Only one of the following statements is correct. Which one?
   1) If production is needed, capital is required.
   2) If production is needed, means of production and workers are required.
   3) If production is needed, means of production and labouring people are required.
   4) If production is needed, means of production and means of subsistence are required.
8. The elements constituting the value of a quantity of production produced by January 1 in a given year are as follows: 100 constant + 40 variable + 60 surplus value. This quantity would be spent away by the next January 1. What is the value of the products, which the capitalists consume during this year? What is the value of the products, which the workers consume? What is the value of means of production spent on the quantity of products to be produced again? What is the value of the capital?
9. If capitalism is a transitory and historical mode of production, are the modes of production of earlier times too transitory and historical?

●

Chapter 5

Productive labour and Unproductive labour

'Productive labour' means 'labour that produces'.

'Unproductive labour' means 'labour that does not produce'.

What is it that is produced or not produced?

'Use-value' or 'value'?——Neither of them.

To say briefly at the outset——it is 'surplus value'!

Only that labour which produces surplus value is 'productive labour'.

That labour which does not produce surplus value is 'unproductive labour'.

The differentiation such as productive labour and unproductive labour among the kinds of labour is not a natural differentiation. This distinction is applicable only to the kinds of labour that exist in the exploitative societies, more particularly the capitalist society.

If we look at the kinds of labour naturally and without any reference to the nature of a given society, any labour will have the character of producing something.

Every labour produces some use-value or the other . That is, every labour will be a 'productive labour'. Therefore, if we look at things naturally, the distinction of productive-unproductive is meaningless.

But, what we are looking here is not the 'natural' characteristics of various kinds of labour. We are concerned with the characteristic features that result from the relations in which various kinds of labour exist in exploitative societies. A given labour plays the productive role or unproductive role depending upon the nature of the relationship in an exploitative society. That is, it becomes either productive labour or unproductive labour.

At the outset, when we hear the words 'productive labour' and 'unproductive labour', we get an impression that 'only that labour which produces articles' is productive labour and the labour which exists in the form of 'work' without producing articles is unproductive labour. But these impressions are wrong. The difference between the labours in terms of whether a given labour produces articles or exists in the form of work is concerned with the 'naturalness' of the labours. The 'productive-unproductive distinction' among labours does not form on the basis of the differences in their natural characteristics.

Labours such as sewing and weaving produce 'articles'. Sewing makes a shirt. Weaving makes cloth. After the making of the 'article' is over, the article leaves the person who performs that labour. Only then we use that article. It is not possible: to use the shirt while it is being stitched or to use cloth while it is being woven.

If we consider such kinds of labour as medical treatment and driving the cart, these do not produce 'articles'. These always exist in the form of 'work'. In the case of such kinds of labour as these, we use the labour while it is being performed. If that labour stops, its use will also stop. If the cart-driver stops driving the cart, use of that labour too will stop. The use-value made of such labour as this would not exist separately from the person who performs the labour. Such kinds of labour as these are called 'services' in capitalistic terminology. (But, the term 'service' does not properly express the meaning that it is a 'labour, which is in the form of work'. Hence it is better to call such kinds of labour as these 'labours in the form of work' instead of 'services'. We describe the production of goods as 'material production' and 'the production of work' as 'non-material production'). Thus, among labours there exist natural differences such as 'labours that produce articles' and 'labours that exist in the form of work'.

Every labour (whatever be its form) gives some 'use-value' or the other. Whether it is a 'good use-value or a 'bad' use-value is another question. It is a different analysis.

To the question 'what is productive labour?', can we now offer an answer thus: 'that which gives use-value'. If we offer such an answer, then every labour becomes productive labour since every labour gives some use-value or the other. Then, there won't be any such thing as

unproductive labour. Then the term 'unproductive labour' would become meaningless. Hence, to the question 'what is productive labour', the answer 'that which gives use-value' would be irrelevant.

Now, what remains is the question of 'value'. We have to see whether productive-unproductive distinction arises from this aspect.

Every labour gives some use-value or the other. But, every labour that gives use-value may not give 'value'. That is, a labour may be consumed as 'use-value' even without being turned into 'value'. The labour that does not give 'value' would not give 'surplus value' either.

Let us state briefly at the outset, 'only that labour which gives surplus value' is 'productive labour'. However, a labour must first become a 'value' in order to give 'surplus value'. Certain portion of the labour that becomes 'value' constitutes 'surplus value'. Therefore, the final conclusion is that 'only that labour which becomes value is 'productive labour'.

The labour that is spent as 'use-value' without becoming a 'value' will not give 'surplus value', even though it gives 'surplus labour'. Hence it is 'unproductive labour'.

The productive-unproductive distinction among the labours does not depend on whether it gives value or not. It depends on whether it gives surplus value or not. We have now to see these things in detail.

Do all kinds of labour play the same kind of role in capitalism? Are all wage-labourers productive labourers? Do all wage-labourers perform 'surplus labour'? Does each surplus labour become 'surplus value'? What is the relationship between productive labourers and unproductive labourers in the 'social production' as a whole? Understanding these issues is possible only by understanding the productive-unproductive distinctions among labours.

We may divide all the labours in the society as a whole as follows:

1. Labours performed in the workplaces of the capitalists.
2. Labours performed in the houses of the capitalists.
3. Labours performed in the houses of workers.
4. Labours of Independent producers.
5. Labours performed under the control of the State/Government.
6. Labours performed in the religious institutions.

All these labours constitute the sum total of the labours carried out in the society. If we examine all these labours, the productive-unproductive distinction would fully be understood.

1. Productive labours performed at the 'workplace' of the capitalist

Take any workplace of any capitalist and you find some commodity or the other produced there. Many kinds of labour are required to produce that commodity. Manual labours, Mental labours; within them skilled labours and unskilled labours and so on. Among the workers, some are engaged in the working-up of the raw materials. Some perform unskilled labour of cleaning the machinery, vessels and workplaces, without being concerned with raw materials. Mechanics and joiners who repair the machinery constitute somewhat a higher-grade of workers. These workers are the people who had received technical education and some training. Those who operate the machines and those who are concerned with the raw materials will have a direct relationship with the production activity. The work done by such employees as engineers is mental labour. These kinds of employees are somewhat away from the actual work.

Depending upon the nature of the article to be made, the work of measuring and calculating raw materials too would become necessary for the production activity. Every raw material too would become necessary for the production activity. Every raw material should be in a definite quantity in the making of medicines. Production of other articles too requires many kinds of calculations. Work of making such calculations too would become necessary for the production activity. An article (a commodity) would be made by the labour of workers who possess so many different labour-powers. Only when all these labours are combined, would an article be made and be ready to go out. The making of an article ceases in the absence of any one of these labours.

Every labour that is necessary for this production process is productive labour. Every person who participates in the production process is a productive worker. If we consider this workplace as a workshop, all the workers necessary in this workshop constitute an 'aggregate worker'. Each worker whether woman or man in the workshop is a part of the aggregate worker, its limb as it were.

All these productive workers need not be present in the same place. If an engineer, staying at a place other than the place where commodity is being produced, sends designs or does some other work (while taking 'wage' from the capitalist), he too becomes a worker belonging to this production process. Thus, these individual workers who perform labour necessary for a production process, irrespective of whether they are close to or distant from the actual production place, become part of the 'aggregate worker'. Depending upon the difference in the labours performed by these individual workers, their wages too (the value of their labour –power) would be different. The value of the living labour of these productive labourers enters into the value of the commodity produced. The value of the commodity is formed by an addition of the value of these living labours to the constant capital (to the value of the 'means of production').

The totality of the wages given to the productive workers to produce the commodity is 'variable capital'. How is the capitalist using the labours, which he bought with this variable capital? With these labours, he gets a commodity produced and sells the same. It means that he is selling again all the labours, which he purchased. He purchased them with a view to sell them again. The labours may be either those, which produce goods, or those, which exist in the form of work.

If the labour of the weaver in the textile industry produces a commodity called 'cloth', the labour of a Bus-driver in transport industry produces a commodity called 'transport facility', the labour of the worker in postal and telegraph industry produces a commodity called 'correspondence'—thus, every labour produces some commodity or the other. For capitalist, any kind of labour (whether it results in 'goods' or 'work') is the same.

Every commodity is a use-value. Getting commodities produced is nothing but producing use-values. But the capitalist gets those use-values produced simply for the sake of 'sale' instead of for his 'own familial needs'.

If we retain one of the two contradictory aspects namely use-value and value, we have to give away the other.

If a capitalist sells the 'commodity' and receives 'money', it means giving the use-value and receiving 'value'.

If a textile capitalist initially buys means of production and the labour powers of the workers and sells the cloth made of those factors, it means he is reselling all those factors, which he initially purchased.

The cloth produced is a new commodity. When this new commodity is sold, money is obtained in lieu of that commodity. Certain portion of that money represents surplus value. Let us call such a surplus value 'direct surplus value' because we have to also see something called 'indirect surplus value'. It won't be in the form of 'money'. Hence, here, we have to first understand the 'direct surplus value' that comes in the 'money' form.

If a 'commodity' is sold, 'money' comes. That money comes in lieu of the 'total labour' spent on the commodity. It means that the total labour spent on the commodity has turned into 'value'. This is what 'labour produces value' means!

Certain portion of that 'value' itself is surplus value. Which means, certain portion within that 'money' is 'additional money'? It is the money, which is an 'addition' to the initially invested 'capital'.

The surplus value that comes from a commodity is nothing but the surplus value of the workers who produced that commodity. How the capitalist gets it in the form of 'money' is through selling the commodity.

When the commodity is sold, the entire 'capital' returns and the 'surplus value' too is obtained. The capitalist, using that surplus value for his own familial needs, uses that 'capital' again as a new capital for the production of a new commodity. Or, he may use only certain portion of the 'surplus value' for his own consumption and add the balance amount to the capital and thus increase his capital. Thus, using the initial capital any number of times, he can earn new 'surplus value' every time with that capital.

The activity of a capitalist is simply to get a commodity produced, to sell it, to take back the capital and through it, to extract surplus value. The actual thing, which the capitalist expects from this programme, is 'surplus value'. Only Surplus money. The capitalist will have no benefit if 'capital' alone returns and nothing extra comes out. Therefore, only that labour which brings 'surplus value' for the capitalist is 'productive labour'. As this happens only through the 'commodity', the labour that produces commodity alone is productive labour.

All the means of production that are spent in the production of a 'commodity' are the means of production that are spent 'productively'.

Workers who produce commodities and thereby render surplus value are productive workers.

Everything that we have been seeing from the beginning at the capitalist's workplace is only about these 'productive workers'. We have been seeing right from the beginning that 20 surplus value is obtained on 100 capital. It is 'direct surplus value'.

We have not so far seen either unproductive workers or the indirect surplus value, which those workers give.

In each production place, there exist not only productive labours but also certain unproductive labours. This means, not only productive workers but also unproductive workers.

But in order to understand easily the unproductive labours, the production place of the capitalist where commodity is produced is not the right place. For unproductive labours, we have to first go to the 'house' of the capitalist. We have to first see the labours at the house of the capitalist, then come back to this production place and see unproductive labours here and later see some more productive labours here.

2. Labours performed at the house of the capitalist

The capitalist employs some labourers for his family needs: a cook and servants for domestic duties, a driver to drive the cart (or the car), a gardener and so on. All these labourers work on the basis of 'wages'. That is, these people are also 'wage-labourers'. But, do all these labourers perform 'surplus labour' for their Master? Do they produce 'surplus value'? Are all these labourers subjected to exploitation? Let us now examine only these questions.

Let us take the 'labour of cooking' as an example for all the household labours. The points, which we see through this labour, apply to all kinds of household labours. The cook does cooking work in the capitalist's house with the substances supplied by the capitalist.

To carry on that work, there has to be a 'kitchen-room'. That itself is the 'work place' for that labour of cooking. Raw materials, instruments of labour, auxiliary materials—-all these are further necessary in order to

carry on that labour. Rice, vegetable and such other things are raw materials. Firewood, gas, electricity and such other things are auxiliary materials. Cooking vessels, stove and such other things are instruments of labour. Which means, certain 'means of production' are necessary even for the work to be done in the house. The cook, consuming those means of production, prepares food etc., with her labour. Let us suppose that some dishes are made.

It means that some means of production and the living labour of the cook have been spent on those prepared dishes.

What do the people of that house do with those prepared dishes? Will they sell them away to someone outside? Will they sell away and take back the expenditure incurred initially? They do not do so. They got those dishes prepared not for selling them outside but only for personal consumption. Dishes are needed every day for the people in the house to eat. They engaged the cook so that they need not do that work for themselves. If that person cooks daily, that family keeps on consuming those dishes.

The fact that the family is not selling those dishes outside implies that they are not selling outside the means of production used to prepare the dishes or the labour of the cook. This means, that family is using those means and that labour for its personal consumption. That is, that family does not convert those means and that cooking labour into value (money) after it purchased them. All those become use-values of that family.

But the actual question here is whether this cook is doing 'surplus labour' or not? Whether she is giving 'surplus value' or not?

Let us say briefly at the outset, that the cook is doing 'surplus labour'. That surplus labour does not convert into 'surplus value' (money). We have to now see these things in detail.

This cook is also a wage-labourer. Wage is merely the 'value of labour-power' but not 'value of the labour'. It means that this cook is also taking only certain part from the 'value of labour' as 'wage', losing the remaining portion as 'surplus labour' and thus she too is subjected to exploitation.

We need to take an example as to how her 'wage' would be.

In a production place like 'hotel' that sells various kinds of dishes, there would be cooks who work at various levels. As their jobs are different, their wages too would be different. Let us suppose that the wage of our cook is equal to the wage of a cook of low grade in a hotel. Let us suppose that the daily wage of the hotel-cook is 16 for 8 hours' of work. That is, '2 wage' per hour. '16 wage' for 8 hours' work. Does it mean that the value of the labour, which that cook performs in 8 hours, is 16 only? No. If we assume that the rate of surplus value is 100%, the value of that cook's work in those 8 hours would be '4 value'. Which means, work of each hour would be 32? If half of that value alone is given to her, the remaining will be the surplus value for the capitalist. If we suppose that this cook takes her meal in the hotel itself, her wage per hour is 2 including the expenditure of her food. This is the situation in the hotel.

Let us suppose that the wage of the cook in the house of our capitalist too is Rs.2 per hour. Let us also suppose that this cook works daily for 4 hours and receives a wage of 8. (If we assume that the cook takes her food in the house of the capitalist, we have to consider her wage per hour is 2 including the expenditure on that food as well.) If the cook works daily for 4 hours in the house of the Master and receives a wage of 8, does it mean that she receives the entire value of her labour? No. A wage of 8 for 4 hours is nothing but the value of the labour-power but not the 'value of the labour'. Therefore, it means that there is 'surplus labour' here also. If we assume that the rate of surplus value is 100% here as well, the value of the labour of the cook is not 2 per hour but 4. It can be said that she receives the value of her labour only when a wage of 4 per hour is given to her. The value that goes from her labour to the dishes, which she prepares by doing cooking work for 4 hours daily, are not 8 but 16.

Though the family of the capitalist does not sell the dishes outside, it is possible to calculate their value. The value of the means of production consumed for those dishes and the value of the labour of the cook taken together constitute the total value of those dishes.

Let us suppose that the family of the capitalist incurs means of production of 30 value for one day's cooking. The wage of the cook is 8. Rate of surplus value is 100%. The value of the prepared dishes = means of production 30 + wage of the cook 8 + surplus value 8 = 46. What that

family spent on the dishes of 46 value is only 30 + 8 = 38. They got dishes of 46 value an expenditure of 38.

Now if that family were to sell these dishes outside, it would get Rs. 46 in lieu of the dishes. That is, Rs. 36 that the family spent initially returns and also Rs. 8 comes as 'direct surplus value'. This means, the initially invested money has functioned as 'capital' and has raised the initial amount of Rs. 36 to Rs. 46.

But the dishes prepared for the use in the house are not sold outside. What will happen to these calculations if they are not sold? Whether these dishes are sold or not, their value would remain 46 only since it took a labour of 46 value to produce them. If that family itself consumes those dishes, all of them will be spent as 'use-values'. Neither the value of the means of production initially spent nor the value of the wage of the cook or the surplus labour in her labour—neither of them converts into 'money'. Since all those dishes are consumed as 'use-values', the surplus labour of 8 value of those dishes too will be consumed as use-value only.

What has happened here is this:
It is not spending '38 money' and earning '46 money' with it.
It is spending 38 money and earning use-values of 46 value.

What that family got produced is not 'commodities' for sale but use-values for personal consumption.

Whether the family got 'commodities' produced or got 'use-values' produced for personal consumption, in either of these 2 ways, the family received surplus labour of 8 value.

But the family receives that surplus labour in the form of money only if it is a commodity production. If it is in the second way, the family receives the surplus labour in the form of use-value and uses it for personal needs.

The difference between these 2 examples is the difference between productive labour and unproductive labour.

The hotel-capitalist sells outside the dishes, which the hotel-cook prepares as 'commodity'. He would get 'money' in lieu of the commodity. The entire labour in the commodity turns into 'money'. The initially spent capital returns as money again and the 'surplus labour' too comes in the form of 'money'. Which means, initial money increases.

But, this won't happen in the example of a household-cook. In this example, the family does not sell dishes outside. The family uses it for personal consumption only. Neither the expenses initially incurred on those dishes return nor some more money in addition to the expenses returns. The family spends all the dishes of a total value of 46 on personal consumption. Of the labour of the cook, the portion for which the cook has received wage and also the portion for which she has not received the wage would be consumed without being converted into money.

The hotel-cook produces 'commodities'. As the whole of his labour converts into money, his surplus labour too converts into money. For that reason alone, that labour is 'productive labour'. He is a 'productive labourer'.

The household-cook does not produce 'commodities'. As her labour does not convert into money, her surplus labour too does not convert into money. Due to this reason, that labour is unproductive labour. She is an unproductive labourer.

However, if we look at this from the side of the household-cook, it is true that she gave 'surplus labour' to the Master. She is not concerned whether it converts into money or not. It means that while she is doing cooking work for her Master's family, she renders 16 labour with a wage of 8 daily, loses 8 surplus labour and is subjected to 'exploitation of labour' each day.

However, let us see through an example whether we can assume that the household-cook too gives surplus value. The argument may proceed like this: To pay fully for the labour of this cook, the Master's family should pay her another '8 money' daily; should it not? As that family is not paying her, it saves 8 money daily, does it not? Can't we consider that 8 money, which is saved due to non-payment to the cook, as surplus value received from the cook? Even if that family does not sell the cook's labour outside, will the 8 money, which the family saved by not paying her, not be 'surplus value' received from her?

The brief answer at the outset to this question is 'It will not be so. To understand this point properly, we have to examine this by linking it with the surplus value that the productive workers gave to the capitalist.

Now, we have to go to the 'income' of the capitalist that is the Master of the household-cook. We know that the capitalist spends from

his 'income' for his household needs. But what is the income of the 'capitalist'? It is the surplus value that he gets from the commodity which he gets produced and sold. That is, the surplus value of the productive workers. It comes to the capitalist in the form of 'money'. That fellow spends from that money alone for the needs of his family.

Let us suppose that this capitalist gets 50 surplus value (money) daily from his commodities. Let us take 'the cooking work' as an example of all the household chores. (We should assume that income and expenditure relate to only 1 day.)

30 toward 'means of production' connected with the cooking-work. Wage of the cook is 8. Total expenditure is 38. The income of the capitalist is 50. The household expenditure is 38. Still 12 remain.

But, now our question is this: The capitalist takes 16 labour from the cook and gives her only 8 as wage, doesn't he? If he gives another 8 to the cook, then a money of 4 instead of 12 would have remained. Therefore, we can consider 8 out of the 12 money, which is now with the capitalist as surplus value derived from the cook. That is, we can assume that even the surplus labour of the cook came to the capitalist as '8 money'. What is wrong in this assumption? This is the question.

It is very wrong to assume like this. Because, we have seen in the beginning itself that the '12 money' that remain with the capitalist is part of the surplus value of the productive workers. If the household-cook too has given a surplus value of 8, that 8 money too should appear separately without any connection with the already existing 12. Both these amounts together $12 + 8 = 20$ should be in the possession of the capitalist. Only if this happens, would it amount to the fact that the surplus value of the cook also turned into money.

But, it does not happen so. Only 12 money but not 20 money would be under the possession of the capitalist. What is wrong in assuming 8 out of 12 as the surplus value of the cook is that it amounts to considering 8 as the surplus value of productive workers on the one hand and the surplus value of the cook as well on the other hand. This is a wrong understanding. That 8 money should be something that has come from only one source. The same money cannot be the surplus value of different kinds of workers simultaneously.

What will happen if we consider 8 out of that 12 as the surplus value of the cook? 8 out of the surplus value of the productive workers will decrease. That is, the surplus value, which the capitalist got from the productive workers in this example, would appear only as 42 instead of 50. But according to the first example, the surplus value of the productive workers is not 42 but 50. Whatever be the manner, in which it is spent, all those expenses together should appear as 50. If the cook too had given '8 surplus value', it should also appear separately. That is, a total of 58 money should appear.

If we take the hotel-cook instead of household-cook in this example, then the surplus value of that hotel-cook too would appear separately. Let us also see this example.

Let us retain the example of 50 surplus value, which our capitalists got from the productive workers who produce the 'cloth'. Let us also suppose that the capitalist has a hotel too. Let us consider only 'one cook'. Let us also assume that the capitalist got '8 surplus value' (money) by selling the commodities, which that cook produced.

The total surplus value that came from the productive workers working at 2 different places would be 50 + 8 = 58. The whole of it would be in the form of money. This means, the surplus value of the productive workers working at different places will be different. That is, in an example such as this, we need not consider 8 which stands as a surplus value of one set of productive workers as the surplus value of another set of productive workers.

But, what has happened in the case of household-cook? Her surplus value did not appear as money.

Therefore, if we understand things properly: The 12 money that remained with the 'cloth-capitalist' is part of the surplus value of the cloth-workers. The surplus value of the household-cook is not included in it.

In whatever way we may look at the 'money' that is there with the capitalist, it would be 50 only and not 58. Because, the 'surplus value' which the cook performed did not turn into money.

Well, then, what happened to '8 surplus value' which the household-cook gave in this example? The capitalist's family spent it away without converting it into 'money'. We will see how this has happened.

What benefit did the Master's family receive from the 'surplus value' which the cook gave? The benefit that accrued was that the family received the necessary labour of cooking with less expenditure only. This is how it happened: If the family needs food substances, it has to receive a labour of 16 from the cook. The cooking needs of the family are satisfied only if so much labour takes place. This is what has happened. The family really got cooking labour of 16. But only with '8 wage'. Can't we now understand the sort of benefit accrued to the family from the surplus labour of 8 which the cook gave? The benefit of reduction of expenditure of 8 from the total expenditure the family had to incur. It means that the surplus labour of the cook served to 'reduce the expenditure' instead of 'increasing money'. Though the expenditure of 8 decreased in the case of that family due to the cook, the 8 money which is the part of the money that by the capitalist possessed cannot represent the surplus value of the cook.

The labour that does not produce 'value' (that does not increase money) for the Master is unproductive labour. The household-cook is an 'unproductive' cook. (Both the terms 'labourers' and 'workers' mean the same).

What is, in this example, the total amount of 'surplus labour' which the Master's family gets in 1 day from the productive workers and the household-cook?

From the productive workers	—50.	(in the form of money).
From the unproductive workers	— 8.	(in the form of use-value).
Total surplus labour	—58.	

It is not only the cook who performs unproductive labour for the Master's family. Some more labourers also do it. All those people who do such household chores of the Master—as 'cleaning of the house, washing of the clothes, driving, child-care, gardening'—are unproductive labourers. All the means that are necessary to carry on these labours are the means that are consumed unproductively. The Master meets all these expenses with the 'income', which he earned from the productive workers.

All the productive labourers give 'surplus labour' and help the Master to save his expenditure.

Though the 'surplus labour' of the unproductive labourers does not

convert into money, it belongs solely to the Master. Therefore, we may call it 'indirect surplus labour'. That is, 'surplus labour' that does not change into money.

What does 'increase of money' mean?

What does 'decrease of expenditure' mean?—To understand this point, let us see very briefly another example.

Increase of money' means: There is '150 money' with a capitalist. Of this amount, he invested 50 on 'means of production' and 100 on the 'wages' of the workers. The capitalist spends the entire money has been spent and a commodity is produced. Workers performed '20 surplus labour'. The value of the commodity became 170. It means that the capitalist got a commodity of '170 value' with a capital of 150. That fellow sold it for 170. From that 170, he got back '150 money', which he initially spent and over and above that he got 20 money as a surplus. This is 'increase of money'. The capitalist, after selling the commodities for 170 and taking back the initially spent 150 money, can reinvest it as a fresh capital. Through that, he can earn new surplus value again. In this manner, he can earn the initially invested capital again and again for any number of times. It fetches him more money every time.

'Decrease of expenditure' means: 'Here also, we have to take the same calculations. The capitalist has 150 money. That fellow, let us suppose, uses that money for the household needs rather than producing a 'commodity'. Out of that amount, he spent 50 on the 'means of production' connected with the household chores and 100 on the wages of 'domestic (household) labourers'. Thus, he spent away the 150 money. With that expenditure, all the household chores have been carried out. The domestic labourers, let us suppose, performed a surplus labour of '20 value'. That means, they did a labour of '120 value' with 100 wages. The total value of the jobs that have been carried out for that house is 170. But that family does not sell those jobs outside. It uses them personally. Hence, neither the return of 150 money spent initially on those jobs nor the conversion of 20 surplus labour of the domestic labourers into money takes place. The domestic labourers have performed all those jobs of 170 value have been expended for the sake of that family only. It means that the capitalist's family received household chores with only 150 expenditure for which that family in fact had to spend 170. The

'surplus labour of 20' of the domestic labourers has been useful to that family not for the purpose of increasing money but decreasing the expenditure. This is what 'decrease in expenditure' means. As the initially spent '150 money' does not come back in this example, it is not possible to spend that amount again. If the household chores are needed for that family the next day, again 150 money is required afresh. Even that will be spent away but won't come back. In this manner, new money is required every day. New surplus labour from the domestic labourers will be available daily. Owing to this surplus labour alone, the money expenditure for that family decreases.

If the surplus labour of the productive workers increases the money for the Master, the surplus labour of the unproductive workers reduces the expenditure instead of increasing the money.

All the workers, both productive and unproductive, lose surplus labour. They are subjected to the 'exploitation of labour'. They live like 'servants' under the 'commands' of the Masters.

Workers are not concerned whether their labour is productive or unproductive, for their Masters. Their only problem is that they are not getting the whole value of their labour. Whether they are productive workers or unproductive workers, they have to be liberated from the 'exploitation' and 'servitude' under the Masters. They have to get the entire value of their labour. In order to understand 'how this is possible', all the workers should know about the 'productive-unproductive' distinction.

Workers should know all such things as 'what relationship do the productive labourers have with the capitalist? What relationship do the unproductive labourers have with the capitalist? What is the mutual relationship between productive and unproductive workers?' Many things, which we are going to see later, will depend upon this. These questions are very much needed in order to understand classes and sections within the classes.

Capitalism is a system that increases 'less money' to 'more money'. Only if this happens, does the capitalist get an 'income'. If there is no such 'income', there won't be any way for the survival of the capitalist.

'Increasing money' is possible only through the 'productive process'

but not 'unproductive process'. Hence, productive-unproductive distinctions arise under capitalism in regard to the use of 'labour' and consumption of 'goods'.

The question 'whether a given 'labour' or given 'good' which a capitalist uses is productive or unproductive' depends upon the nature of its relationship with that fellow.

This productive-unproductive distinction is only concerned with the capitalist and is not 'naturally' connected with either 'labourers' or 'goods'.

If cooking-labour is carried out as a 'commodity' for the Master, it is then a productive labour. The same labour, if it takes place for the personal need of the capitalist, will then be an 'unproductive labour'.

If that cook, instead of standing in any of the 2 relationships, cooks at her own home, then it becomes the labour of an Independent producer without a Master.

Similarly, if we take a substance called 'rice', it stands as a productively consumed substance in one relationship and an unproductively consumed substance in another relationship. If an Independent producer uses 'rice' for the purpose of selling a commodity, then it would stand as 'a substance that is productively consumed by the Independent producer'. Thus, the productive-unproductive distinctions among labours and goods arise based on the kinds of relationships in which they are used and not the characteristic features of those labours or the goods.

If some one asks us whether 'sewing labour' is productive, unproductive or an independent labour, it is not possible to give an answer. We should know the kind of relationship in which it stands. It is productive labour if it takes place in the workplace of the capitalist, and unproductive labour if it takes place at the house of the master or independent labour if it takes place independently.

Let us see some examples in order to understand the productive-unproductive labours.

Let us suppose that a capitalist undertakes production of 'grain' in his work place. That capitalist, let us suppose, gets a bag of grain to his

house. Let us also suppose that the domestic servants do the work of pounding the grain and cooking that grain into food. All the labours in this example that take place until the grain is produced are productive labours. All the labours—pounding of grain into rice, cooking of rice into food, serving of food in the plates and cleaning of the vessels etc., that take place thereafter are unproductive labours.

Let us suppose that pounding of that grain into rice too takes place outside the house. Which means, the capitalist, let us say, gets that grain pounded at a mill and gets that rice home. Then, the stage in which grain turned into rice was also something, which the productive labourers in the mill do. Only the subsequent stages would take place by means of unproductive labour.

Let us suppose that the family of the capitalist eats food daily in a hotel without getting it cooked at home. If this happens, then it means that all the jobs that took place earlier by means of unproductive labour are now taking place by means productive labour in a hotel.

Let us suppose that one-day, a person has taken his meal in a hotel. It means that he purchased that meal as a commodity. The person who ate the meal is paying away the expenditure incurred on the labour (concerning the meal of a person) beginning from the tilling until the cleaning of the used food plates. In this example, it is the productive labourers who prepared the commodity called 'food'. Here there isn't a single unproductive labour.

Let us suppose that a person sits at home without going to the hotel and gets a 'meal carrier' from the hotel by a domestic servant. That domestic servant, let us suppose, serves the food and then cleans those plates and vessels. The labour of serving the food and cleaning the vessels does not take place in the hotel. It was performed at the house of the Master. Hence, this labour is unproductive labour. That servant is an unproductive worker.

1) Relationship between productive and Unproductive labours

After identifying what is productive and what is unproductive, it is important to understand the mutual relationship that these labours have.

Productive labours — take place at the 'workplace' of the Master.

Unproductive labours — take place at the 'house' of the Master.

What is the relationship between the two?

The Master pays wages to the unproductive labours from out of the 'surplus value', which he gets from the productive labours. Hence, it is possible to give wages to unproductive labor only if there is surplus value in the first place. It is not possible to give wages to unproductive labourers if that surplus value were not there. Which means, unproductive labour would not exist if there were no productive labourers. This is the relationship that exists between productive and unproductive labour.

Let us suppose that there are 100 productive labourers at the workplace and 5 unproductive labourers at the house of the capitalist. Let us also suppose that, at the workplace of these capitalist, commodities of 1200 value are produced and sold daily. The proportions of the value of these commodities = 800c + 200v + 200s. Every day commodities are sold out and the capitalist gets 1200 money. He takes back the capital from out of that money. After distributing certain portions of the remaining 200 surplus value for the commercial commission, interest, rent, taxes and so one, let us suppose that the capitalist retains '80 profit'. Whatever portion a fellow gets from the surplus value, it is his 'income'.

The income of a capitalist per day is 80. Let us suppose that the fellow spends away the whole of it on the 'necessaries of life'. Spending the income on 'necessaries of life' means purchasing provisions necessary for the house and paying wages to the labourers who do the household chores.

Let us suppose that the capitalist, out of his 80 income, spends 60 on the provisions necessary for the house and 20 on the wages of the 5 unproductive labourers. (All these calculations pertain to one day).

With 60, the capitalist buys in the market the rice, milk, vegetables, fruits, medicines, clothing etc., necessary for the house. All these provisions are brought to the house, the labours of unproductive servants are added to them and various 'use-values' are produced.

If productive workers grow grain and pound it into rice, the unproductive workers will prepare food with it.

If productive labour builds the house, the unproductive labourers clean it daily and make it habitable.

If the productive labourers weave the cloth and stitch the garments, the unproductive labourers wash them and iron them daily.

It means that if the productive labourers provide the Master's family with all the necessary products, the domestic servants perform labours that are further necessary on those products.

In the example of the cloth-capitalist, we have seen that the family of that fellow buys provisions (rice etc.,) of 60 value for its needs from outside. As these provisions are produced at the other capitalists by their productive labourers. The Independent producers might have produced (a certain portion of provisions, which a capitalist buys,. But, they constitute a very minor part. Therefore, we are not taking this into consideration.)

The outside productive labourers produce not only the provisions which the Master's family uses but also the provisions which the domestic labourers who work at the Master's house buy from outside for their personal consumption.

In this example, the total value of the provisions is 80 and it consists of provisions of 60 value used by the Master's family and provisions of 20 value used by 5 unproductive labourers with their 20 wages. This 80 value is part of the surplus value of the productive workers who work for this capitalist. It means that this capitalist uses 60 for his provisions and pays 20 as wages to his unproductive workers from out of '80 surplus value' which he earned from his productive workers. Thus, it is the productive workers alone who produce all the provisions, which the Master and his unproductive workers use.

However, we have to at once clarify a doubt!

2) Do unproductive labourers too share the surplus value?

The surplus value, which the cloth-capitalist gets from the productive workers, is 80. What he uses from that for his means of subsistence is 60. What he gives to the domestic worker as wages is 20. Which means, that

all the means of subsistence which this Master and his domestic servants use are parts of the surplus value of the productive workers only. But, when we say so, does it mean that the unproductive workers too, like their master, are consuming a portion of the surplus value of the productive workers and thus living on 'exploitation'? Further, if that Master is giving 20, out of 30 surplus value which he gets, to the unproductive workers, does it mean that the Master is consuming '60 surplus value' only? — These doubts, in fact, would not have cropped up if we had understood things that we have come across earlier. Only for the purpose of clarification, we need to raise these questions and offer answers.

When the Master takes out 20 out of '80 surplus value' and gives it as 'wages' to the domestic servants, he is not giving it free. The Master would take 'labours' (even 'surplus labour' as well) from those labourers in return for the 'value' that he gives. It means that the Master is himself using the '20 value' that he gives to the domestic servants. And it does not mean that he is giving it up.

Viewed from the side of the domestic labourers, they are not taking wages 'free'. They are taking those wages simply because they gave their labours to the family of the Master. The labourers are not concerned with the question 'Where from is the master getting it for them?' As far as they are concerned, they are taking wages only in return for the labours that they rendered. (They even render surplus labour as well.) Performing labour, taking a wage and buying 'means of subsistence' with that wage means living on their 'own labour'. It is like living on one's own labour. Therefore, it does not mean that the unproductive labourers are sharing the surplus value or living on exploitation though their wages are also part of the surplus value.

In this example, the Master consumes for himself the whole of his '80 surplus value'...60 in the form of 'products' and 20 in the form of 'service of the domestic workers'.

Now, if we consider the Master, his productive labourers and the unproductive labourers all the three together, what are the relationships, which these 3 kinds of people have with each other?

While the productive workers give from their 'surplus value' all the means of subsistence necessary for the Master's family, the unproductive workers do all other kinds of labour in order to keep the

means of subsistence ready for use by the Master's family. Thus, while these productive workers and unproductive workers do all kinds of labour inside and outside the houses for the sake of Master's family, the Master's family lives comfortably and in luxury by not participating in any labour and by relaxing day and night.

This fact applies as it is to all the gentlemen who share the 'surplus value'.

Consider moneylender: he got 'interest' through the cloth-capitalist, let us say, 30 per day. The moneylender got this 30 from the surplus value of the productive workers only. That fellow, let us suppose, buys provisions for his home needs with 25 out of 30 and pay 5 as wages to his domestic servants. If we assume the surplus labour of domestic servants as 100%, they will do a labour of 10 value with 5 wages. Which means, the moneylender extracts surplus labour of 5 value from those servants. Thus, the moneylender extracts a total of surplus labour 30 + 5 = 35 from the productive and unproductive labourers.

The same thing applies to the landlord also. That fellow spends his income, which he gets from the land-rent on the provisions necessary for his family and on the wages of his unproductive labourers.

The same thing applies also to the commercial capitalist. That fellow spends his income, which he gets in the form of 'commercial profit' on the provisions necessary for his family and on the wages of the domestic labourers. (There will be commercial workers at the commercial capitalist. These people are also unproductive labourers. We will see about these people in the chapter 'Merchant's capital' of volume 3).

All the exploiters in the cloth-example form a 'gang' around the cloth-capitalist. The income of this whole gang is the surplus value that comes from the cloth. This surplus value is produced in the production place of the cloth-capitalist. That is why, he alone is a 'productive' capitalist. All the remaining people are 'unproductive' partners.

The entire 'money' that comes as an income to the capitalist-gang under various names is nothing but the surplus value of the productive workers. Which means, if there is any 'money' with the capitalists, the whole of it belongs to the productive workers and nothing belongs to the unproductive workers.

All these aspects which we saw in this 'cloth-example' exactly apply to each commodity.

If we consider all branches of production as a whole, it is the productive workers of all the branches of production who produce the 'total quantity of commodities'. The essence of the matter is the same whether we examine a single individual capitalist or the capitalists of all the branches.

We have so far seen the productive labours that are carried out at the 'place of production' of the capitalist and the 'unproductive labours' that are carried at the house of the capitalist.

3) Moral lesson to the kiddy-capitalist by his economist

Let us consider an example to see as to what sort of advice an 'intelligent' capitalist economist gives to his capitalist.

Let us suppose that a 'kiddy-capitalist', who entered into the 'industry' afresh gets an 'income of 100' daily. Out of that 100, he spends, let us say, 95 on the household expenditure. Let us suppose that the fellow gives all these details to an economist and seeks an advice thus: "This is my credit and debit account. Daily I get 100 and 95 out of it is spent away. Some times the whole of 100 is spent away. Show me a way to improve my industry". That intelligent economist will be very much annoyed at the capitalist after looking at that credit and debit account. He says, "What is this? You are spending the whole income unproductively like this! If this is your way, how can you develop your industry? Can't you meet your household expenditure with 10 or 15 daily? You have to add at least 90 out of your '100 income', my boy! You yourself will see how quickly your industry develops!"

"How can 10 or 15 be sufficient for the household expenses? We should have at least 80! In our house, the number of domestic servants itself is six. Cook is compulsory. A person for cleaning the house and washing the clothes is compulsory. Driver is compulsory. Gardener is compulsory. Nurse to look after children is compulsory. Person who takes care of the dogs is compulsory. Further, the school fees of children, doctor's fees..."

"Oh! All this is unproductive expenditure. What is the use of this? You are throwing away money into the ashes!"

The kiddy-capitalist laughs and says thus: "Why do you think it is like throwing into the ashes? What expenditure can we reduce? We can't live for a single moment if the servants are not there! Can we do all those nasty jobs? How much are we lowered in the views of others?"

"You are thinking like an amateurish fellow! How can you sustain yourself in the industry if you spend-away all your income like this? How can you win in the competition in future? Do you think that situation in the industry would always be like this. If you continue like this, you will become bankrupt within six months."

"Bankrupt.....? What does it mean?"

"Your commodities lie unsold. The invested capital does not come back. Then you have to push off all your commodities cheaply if necessary.

"Cheaply? How will we be benefited if we sell them cheaply?"

That is why we have to produce the commodities 'cheaply'. If the market is all right and is in a position to suck all the commodities, we will sell at a normal rate. Then the profit would be more than the normal profit. You should be able to sell each unit even by lowering its normal price by 10 paise. If the commodities were produced cheaply in the beginning itself, you won't incur any loss even if you sell it cheaply later."

".....to produce cheaply?"

"You should raise production. If 200 units are produced instead of 100, certain expenses are saved and each unit would become cheap. Needless to say anything further if thousand units are produced. Not even half the expenditure is incurred per unit. But, there is, of course, a problem with this kind of production. You have to look for the market to sell the entire commodity. Well, if not thousand, some thing less than a thousand...it would be of no use if you don't go on increasing production. You cannot get the commodities produced 'cheaply'.

The kiddy-capitalist asks with a little worry, "Now, what do you want me to do?"

First learn how to spend each paisa productively. You have to utilise the whole money as capital. Nothing is lost if it is invested as capital. It will return along with the interest. What do you get if you use it

unproductively; only dust! You invest all your income on raw materials; on productive workers! Whatever you invest, your money will return after becoming double, triple and fourfold. You reinvest the whole of it! The reinvested amount will return after becoming double and fourfold. Again invest it! Again it becomes double, triple..."

The face of the capitalist too is expanding double, triple and fourfold. With a joy of imagining as how his industry would expand in future! But, as he is still a kiddy-capitalist, that fellow has a doubt. He asks with a surprise, "when will we use the money if we go on increasing?"

"Why are we not using it? Does investment of money as 'capital' not mean using it?"

"I am not asking about such use. My question is, when do we use money for our personal needs in the household?"

"Look, that is what I don't like. Why don't you understand the point when I say that it is an unproductive expenditure?"

"No, sir! I am asking this question, as I don't understand the point. My doubt is, when do we spend that money if we go on increasing it?"

"You ask 'when?' Why, You can use it any time? Remember one thing. Each paisa that you use for personal consumption is an unproductive expense. Industry won't develop that way. Then you ask, 'why industry should develop?' If the industry does not develop, you can not sustain in the industry as the time passes. Will 100 be enough for your household expenditure? Then earn a profit of a thousand daily. Then you can spend 100 on your expenses. Who will say 'no' to it. But, if you say you would like to spend away the whole thing that you get... what will you do with your Industry? Its very existence will be with your Industry? Its very existence will be at stake, wouldn't it? Of course, you can at least borrow money and invest it in the Industry. But if you borrow loans, every thing goes, as 'interest' doesn't it? What is the use of loans? In the initial stages, you have to have 'self-restraint' for some time and develop your industry. Even after the industry grows, it would be a very good thing if you spend as less as possible on unproductive expenses"—This is the sermon of the 'intelligent' economist. Considering the foundation on which they stand, no doubt it is an 'intelligent' sermon. Their production is aimed at raising heap of money, isn't it? That 'heap' will not have any measurement or

limits, wouldn't it? Hence, they make a distinction between 'productive'expenditure and 'unproductive' expenditure.

Therefore, 'productive labour' is an abbreviated expression of 'something, which increases capital!'

So far, we have seen only 'domestic labours' while discussing 'unproductive labours'. But, unproductive labours do not simply mean 'domestic services rendered to the Master'. Certain unproductive labours too exist in the production place of the capitalist. Now let us go to the 'production place' once again and see some more labours.

4) Unproductive labours in the 'place of production' of the capitalist

Only after knowing something about 'unproductive labourers' in general, it would be easier to understand unproductive labours in the 'productive place' in particular. In a place of production where commodities are produced (both'place of production' and 'enterprise of production' mean the same), not only productive labours but also unproductive labours take place. Before examining the unproductive labors, let us see some more 'productive labours' that take place in a 'production place'.

(1) Labour of organisation:

In a 'place of production', labours of organisation are also required in order to 'organise' the whole production activity. If there are 4 or 5 sections within that 'place of production', workers of different sections work in their respective sections. If any problem arises in a given section, some one should undertake the responsibility of the work in that section. Similarly, some one should undertake the responsibility of coordinating the work in all the sections. Work will stop if any material necessary for the 'process of production' is not ready. Work will stop if any aspect concerning the coordination between sections is not attended.

Labour of organisation is the discharge of duties without which a given process of production' stops. (This labour may also be called 'labour of coordination' or 'labour of supervision'.) The employee who performs this labour of organization is also necessary for the process of production. As this employee too performs a particular task that is necessary for the

'process of production', this employee too becomes a 'productive labourer'.

If the capitalist himself performs labour of organisation, then the capitalist too becomes one among the productive labourers. He would become eligible to take the wage for the labour performed.

Further, that capitalist too, like other productive labourers, produces certain amount of 'surplus value' as well. Which means, the surplus value that comes from the commodity would include a portion rendered by that capitalist as well. Therefore, the capitalist who performs the labour of organisation will have the right to receive a wage and a portion in the surplus value. But, he cannot have the right to take away the entire surplus value.

If the capitalist engages a separate employee to do that labour of organisation and does not himself do that labour, he would thenceforth become totally 'irrelevant' to the 'process of production'. Thereafter, the process of production becomes a process that takes place without the need of capitalist's participation.

Let us see this by means of an example.

Let us suppose that the cloth-capitalist himself performs 'the labour of organization'. There are 9 productive labourers in that production process. Total number of labourers is 10. All the people produce the cloth with 'collective labour'. Let us suppose that the wages for all these 10 people are 50. To make our example simple, let us suppose, all people get equal wages. That is, the wage of each person is 5. Rate of surplus value, let us say, is 100%. This means, 50 wages produce 50 surplus value. Or 5 surplus value from 5 wages. When this commodity is sold, 50 surplus value will come. In this example, capitalist will have the right to receive '5 wage' and '5 surplus value'. The value of his labour is 10 only. The remaining '45 surplus value' belongs to the remaining 9 labourers. But those 9 labourers take 'wages' only. The capitalist takes a total of '50 surplus value'. It means that the capitalist who performs the 'labour of organisation' not only takes his '5 surplus value' but also takes away for himself '45 surplus value' of labourers who worked in that 'production place'. After distributing certain portions from that '45 surplus value' under certain names, he finally retains the 'productive labour' with him.

Now let us see a capitalist who does not do even that 'labour of organsiation'. The capitalist stops doing the 'labour of organisation' and let us suppose, engages an employee for that purpose. What will happen then? Then, that employee himself would be 'productive worker' who performs 'labour of organisation'. All the value calculations would be in accordance with the old example. The only difference is that in the place of labour of organisation one individual substitutes another individual.

Even now, total number of labourers is 10. Wages for them is 50. Surplus value is 50. The whole surplus value belongs to those 10 labourers. Everything would be as before.

As the capitalist does not do any labour, he would not have the right to receive either '5 wage' or '5 surplus value'. But, now that fellow appropriates to himself the entire '50 surplus value' even though he does not have any rights.

It means that while the surplus, which the capitalist exploited from others, is 45 in the example where he performed labour, now it is 50.

So far, we have seen as to what happens when the capitalist himself performs or does not perform 'the labour organisation'.

(2) Labour of 'control' or labour of 'domination':

After examining the 'labour of organisation', it is necessary to see the 'labour of control' also. Labour of control does not mean working along with the workers. It involves watching whether all the workers are working or not and make them work.

In a given 'place of work' any kind of labour either productive or unproductive may take place. The duty of those who perform labour of control is not to participate in the ongoing labour process but to see that the workers perform their labour continuously without any gap. Labour of control means 'not doing labour' but 'making others do the labour'!

However, 'making others do labour' is also a sort of labour. But, it is in the form of a labour that is not part of the 'actual labour' which should be done in the 'work-place' but which is carried out outside the 'actual labour process'.

Here let us consider a work place where 'cloth' is produced. We can in fact consider an 'unproductive work place' as well. But to make our example simpler and clearer, let us consider a 'productive work place'.

The employee whose duty is 'control' does the following job in a given 'work place'. He roams around the workers who do the work connected with the production of cloth; warns them, bangs them and threatens them repeatedly to carry on the work speedily; objects their going to the urinals or the water-closet; drives them every minute to the work without allowing them to raise their head; and always behaves like a person closely connected with the Master. All this is to 'dominate' the workers or exercise 'control' over them. This person does not himself work, for the sake of 'production'. He 'dominates' those who work.

Why is this labour of control? Because of the 'faulty relations of mode of production'. That is, due to 'relations of exploitation'! (To use Marx's expression...in 'Theories of Surplus Value', Vol. 1, page:289.... due to '**faulty social relations**'). It is not enough if the workers situated in these relations do the work, which is equivalent to the value of their 'wages'. They have to compulsorily do 'surplus labour'. Even that surplus labour should be as much as possible. This means, workers should do work every moment without any gap during their working time. Only if the workers work so, can the master live comfortably and luxuriously without himself doing any labour. It means that, as the surplus value should be extracted from the workers in a system based on exploitation, there arises the need to exercise control over the labour of the workers. If there were no exploitative relationship of 'master vs. labourers' in the society, there would not be a situation wherein a master exploits the surplus labour of the labourers. In society where all persons perform labour, the labour of organisation that conducts labour processes would become necessary as in the past, but there won't be any need of labour of control.

Exercising 'control' over people who do labour whether in a 'productive' place or 'unproductive' place—is not a natural necessity concerning the actual work.

'Doing labour oneself' and 'making others do labour'—are not of the same kind.

The first one is a natural necessity of the labour process.

The second one is an unnatural necessity that arises due to exploitative relations.

In Marx's words: "The labour of supervision and management is naturally required wherever the direct process of production assumes

the form of a combined social process, and not of the isolated labour of independent producers. However, it has a double nature.

On the one hand, all labour in which many individuals cooperate necessarily requires a commanding will to co-ordinate and unify the process, and functions which apply not to partial operations but to the total activity of the workshop, much as that of an orchestra conductor. This is a productive job, which must be performed in every combined mode of production.

On the other hand—quite apart from any commercial department—this supervision work necessarily arises in all modes of production based on the antithesis between the labourer, as the direct producer, and the owner of the means of production. The greater this antagonism, the greater the role-played by supervision. Hence it reaches its peak in the slave system. But it is indispensable also in the capitalist mode of production, since the production process in it is simultaneously a process by which the capitalist consumes labour-power." (Capital-3, pp:383-4).

"The work of management and supervision—so far as it is not a special function determined by the nature of all combined social labour, but rather by the antithesis between the owner of means of production and the owner of mere labour-power, regardless of whether this labour-power is purchased by buying the labourer himself, as it is under the slave system, or whether the labourer himself sells his labour-power, so that the production process also appears as a process by which capital consumes his labour—this function arising out of the servitude of the direct producers has all too often been quoted to justify this relationship. And exploitation, the appropriation of the unpaid labour of others, has quite as often been represented as the reward justly due to the owner of capital for his work;..." (Capital-3, pp: 385)

Labour of control is inevitable in a society where exploitative relations continue to exist. Though it is necessary in the context of such relations, any expenditure incurred on the labour of control will not participate in the 'actual labour process'.

The employee who is engaged in the labour of control too is a labourer. He also works under a master on 'wage' basis. 'Wage', in the

case of labourers, is always 'the value of labour-power' but not 'value of labour'. This means, the employee who does the work of control too gets only some portion as 'wage' and loses the remaining portion as 'surplus labour' from the 'value of his labour'.

Well, then, is the labour of control a productive labour or unproductive labour? —As this labour does not take place for the sake of the 'process of production', it does not enter into the 'production process'. This does not increase the money of the master. Hence this is not productive-labour. It becomes an 'unproductive-labour'. It happens like this: Just as he employs a servant for cooking, another servant for 'gardening' and thus some more servants for other household chores, let us suppose, a capitalist employs a servant to control all other servants. That 'employee of control' does not do only one of the household chores. But, a duty is assigned to him separately. As cooking is the duty of the cook and gardening is the duty of the gardener, the person who is employed to exercise control will have the duty of controlling other servants. Each one has to participate in his own 'labour process'. Labour of one person does not become part of another's 'labour process'. All these labourers do one kind of labour each for their master.

The master pays the wage of the labourer of control from the same source from which he pays wages to the cook and the gardener. That is, he pays it from his income, which he got through the surplus value of the productive labourers. Hence, as all the domestic servants of the Master are unproductive labour, the labourer who exercises control over the other servants too is an unproductive labour.

Similarly, if a person were employed to do labour of control over the productive labourers, then also he would be an unproductive labourer.

Certain kinds of instruments are required in order to carry out any kind of labour. Similarly, even to do the labour of control, special instruments connected with that labour are required. For example, in the slave society, there will be a 'whip' in the hands of the 'overseer'. (This overseer is also a slave). This overseer will have a bench to sit on. These are 'instruments of labour' for the overseer. If we take capitalism, people like 'supervisors' do the labour of 'control'. These people will not hold whips. But, they will have records to note down the 'wrongs' of the workers. They will have some such things. Thus, in order to carry on the

labour of control, certain 'instruments of labour' too are spent in addition to some 'wages'.

'Control' is exercised mainly in the production place of the capitalist. This too appears, like other labours that are carried out there, as a labour that is necessary for production. But, it is not 'productive labour' however necessary it may appear to be. Hence, expenditure on it is not expenditure incurred on production.

As some of the expenses that are incurred in the 'production place' do not add to the 'value of the commodity' while some others do, it is necessary to clarify once again the question, 'what is capital?' in this context of examining 'productive-unproductive' distinction.

'Capital' means — 'productive expenses' only.

'Constant capital' means — expenditure of 'means of production' only.

'Variable capital' means — 'wages' of productive workers only.

None of the unproductive expenses add to the 'capital'.

Neither is the expenditure of 'unproductive means' included in 'constant capital' nor are the 'wages of unproductive workers' included in 'variable capital'.

Value of the means that are spent 'productively',

Value of the wages of productive workers and

Their surplus value—together constitutes the 'value of the commodity'.

When the capitalist sells that 'commodity', it means that he is selling only those factors that constitute 'value'; it does not mean that he is also selling those factors that are not added to the value.

When the initially spent capital is deducted from the value obtained after selling the commodity, surplus value remains. It is the 'income' which the same capitalist gets through that commodity. All the unproductive expenses that are incurred in the 'place of production' should be met from this 'income' only. As all those unproductive expenses are spent from the 'income', lesser the unproductive expenses larger the

remaining income. The 'surplus labour', which the unproductive labourers give at the 'production place' helps to reduce the expenses to be spent on unproductive labours.

After deducting all these unproductive expenses, the capitalist distributes remaining income among his group of people.

The fact that all the unproductive expenses are paid from the 'income' does not appear in the case of unproductive labours that take place in the 'production place' as it appear in the 'domestic labours' of the capitalist. The fact that the capitalist pays for the wages of the domestic labourers from his 'income' is evident very clearly even outwardly. But the fact that the unproductive expenses too are paid from the 'income' does not appear outwardly. Because, every labour that takes place in the production place appears to be the most essential labour concerned with the production. Therefore, its expenditure too appears to be a necessary expenditure.

The capitalist lumps together all kinds of wages that are paid in the 'production place' and takes them into account as 'total wages'. But, he does not show some wages as 'productive wages' and others as 'unproductive wages'. Hence all the expenses that take place in the production place appear to be 'productive expenses' only.

But the actual fact is that all kinds of wages do not constitute 'variable capital'. Productive wages alone constitute 'variable capital'.

Similarly, means of production alone constitute 'constant capital'.

All the unproductive expenses are part of 'surplus value'.

Therefore, in order to know the amount of surplus value in the 'value of a commodity', we have to do the following: Just as we consider the items such as 'interest', 'land-rent', 'profit' etc., as 'surplus value', similarly we have to consider all the 'unproductive' expenses as part of the 'surplus value'. However, we should have clarity with regard to what is productive expenditure and what is unproductive expenditure.

We confront some problems while understanding 'unproductive' labours that take place at the 'production place', we don't find 'labour of organisation' and 'labour of control' individually and separately. We also don't find employees for these 2 labours separately. Those 2 labours are

merged with each other, intertwined and united. The name of this united labour is 'labour of management'.

Labour that 'manages' the process of production is the 'labour of management'. The capitalist employs supervisors and manager to do this labour. He would act as the 'director' of the whole enterprise.

We may find employees concerning the 'labour of management' with many more names. But here it is enough if we consider such employees as supervisor and manager.

(3) Supervisor:

Let us suppose that half of the duties of this employee relate to 'organisation' and half of them relate to 'control'. In the course of a 'working day', that employee does 'productive labour' for half a day and unproductive labourer for another half-day. In other words, that employee stands partly as 'productive labourer' and partly 'unproductive labourer'.

Let us suppose that his wage is 4; Rate of surplus value is 100%.

Then, other things would be as follows:

Productive wage is 2; the 'surplus value' that the wage gives is 2.

Unproductive wage is 2; the 'surplus labour' that the wage gives is 2.

The 'productive wage of 2' belongs to : 'variable capital', and

The 'unproductive wage of 2' belongs to : 'surplus value'.

The total wage of 4 gives 'surplus value of 4'.

Of the '4 surplus value', the capitalist gets only 2 in the form of 'money'. The capitalist consumes another 2 by way of 'use-value' only.

There are 4 aspects in this example. 2 kinds of wage and 2 kinds of surplus value. Of these 4 aspects, which are in the form of 'money' and which are not? What is the source of 'money' of each of those aspects, which are in the form of money? What is the interrelationship of all these 4 aspects?

We have to understand these points properly.

The whole wage of 4 stands as 'productive wage' only. It becomes part of the 'variable capital'. It adds to the 'value of the commodity' and

returns as money after the sale of the commodity. It would be possible to give that '4 money' to the same employee again as new wage. Similarly the '4 surplus labour', which that employee also gives, adds to the 'value of the commodity' and the capitalist gets money when he sells the commodity.

But, as this employee called 'supervisor' is not wholly a productive labourer, it is somewhat confusing to understand the aspects of his labour. Only the 'productive' portion of his labour adds to the value of the commodity. The unproductive portion does not add so. Therefore, his 'unproductive wage' has to be given from the money obtained as his 'surplus value'.

This employee, let us suppose, performed yesterday a total labour of 8: 4 productive labour and 4 unproductive labour with '4 wage'. From that labour, 2 productive wage and 2 surplus labour of that wage alone will add to the 'value of the commodity'. 2 unproductive wage and 2 surplus labour of that unproductive wage do not add so. When yesterday's commodity is sold and converted into money, the productive wage of 2 comes back and the same would again be a new productive wage of 2. Yesterday's surplus value of 2 also comes as money and the same would be new 'unproductive wage of 2'. It means that the yesterday's unproductive wage of 2 and the 'surplus labour of 2' which the wage gave would be spent as 'use-value' for the capitalist without being converted into money. Hence, yesterday's 'surplus value of 2' should be brought and be paid as next day's 'unproductive wage of 2'.

Neither the capitalist nor the worker knows or is concerned with the details such as which part of the labour of the labourer is productive and which is unproductive. The worker does whatever job the capitalist assigns to him. Capitalist pays wages. Both of them do not understand more than this. But it is very essential for the labourers to understand all these details.

Labour of 'control' merges with the labour of 'organisation' under the name of 'labour of management'.

Employees who perform the labour of control behave like lackeys of the master. That is, as opponents of the workers. But, these employees should have the perception that they are also workers.

(4) Manager:

This employee discharges the same responsibilities which the supervisor does, but at a higher level. That is, he, on the one hand, takes care of things that are necessary to the process of production and on the other hand, sees that 'control' over the workers is properly exercised. Like the supervisor, the manager does not stay amidst workers in the 'place of production'.

Manager is a bigger official than the supervisor.

The duty of the manager is not 'to work'. It is the duty of the workers. It is not even making others do work. It is the duty of the supervisors.

Then, what is the responsibility of the manager? Control over the supervisors. Manager discharges the duty of being an officer over a section or over the whole of the 'production enterprise'. The element of labour that we may find in his duties is too negligible. Though that element is unproductive labour, manager, compared with the supervisor, performs the least part of it. But the manager gets more wages.

Let us suppose that it is 'proper' to give '5 wage' to a manager in a 'process of production'. It gives, let us say, '5 surplus labour'. Then, it would be enough if 'a value of 10' comprising wage and privileges is paid to the manager. It amounts to the fact that the value of his labour is paid to him. But let us suppose the manager receives '30 value'. What does this mean? How is it possible? —Of the 30 that the manager receives, 10 is the value of his labour. But the 20 over and above it does not belong to him. It is part of the 'surplus value' of the productive labour in that 'productive enterprise', it means that so far as this 20 is concerned, manager too becomes an exploiter.

If we examine the job-related activities of the manager, this gentleman sits in a spacious, cool and comfortable room and carries on his activities over the phone. He moves in cars to go out of the office and aeroplanes to go out of the town. True that this fellow does all this for the sake of the capitalist. Workers too do their jobs only for the capitalist. But they don't have these comforts either in the 'workplace' or in the 'house'. If we compare the wage and privileges of a manager with those of an ordinary worker, it would be 10 times or 20 times more. By looking at this value which is many more times larger, we should not be under the illusion that the manager's labour-power, by its very nature has so large

a value. There is no relationship between the 'labour' that the manager performs and the remuneration that he receives. If the wage of a skilled worker alone were given to the manager without giving him huge wage and privileges, then the manager would be one among the workers and would not behave like a 'pro-capitalist person'. If the manager has to be a pro-capitalist, he has to get more remuneration from the capitalist. As the capitalist knows this need, he pays more value to the duties that a manager discharges. This means that, he distributes freely to the manager some share from out of the surplus value.

Same is the case with engineers, scientists and other higher grade employees who function in factory of the capitalist. Though, on the one hand, they possess the characteristic nature of 'doing some labour', they possess, on the other hand, more characteristics that are exploitative in nature. They get a large part of their income from the 'surplus value' of the workers. Hence they provide all that would facilitate exploitation and thus cooperate with the capitalist.

(Supervisors, managers, engineers, scientists, specialists—all these names may be different in different countries. Our attention should not be on these designations (nomenclature) but on the nature of the relationship in which these employees stand to the 'process of production').

(5) Director:

Now about the 'director' of the 'productive enterprise'. This gentleman is the 'highest' employee in the whole enterprise. This gentleman is none other than the capitalist who is the owner of the enterprise. If there are no other shareholders, the enterprise will have only one director. If there were more shareholders, there would be three or four directors from among them. They have to 'direct' the 'drama' called 'Industry'. Therefore, these fellows fearlessly name themselves as 'directors'. With this name they satisfy their desire for the 'rank'. Well, if you ask what these fellows do and if you want the answer in one word, it is 'NIL'. This is the 'highest' rank in being an 'employee' without doing any work. All the time these fellows think about tactics, counter-tactics and deceptive designs with regard to the ways and means: of competing with other capitalists, of further increasing profits, of diverting the increasing profits to more profitable branches of production, of

securing new markets and of preventing the competitors. These fellows take wages and privileges exceeding those of the managers simply for this 'highest' labour, which is not at all necessary for the process of production.

There will be some element of 'result of one's own labour' in the income of the managers. But, there won't be single paisa, which is the 'result of one's own labour' in the income of these directors. There is no such question at all as 'whether the labour of the directors is productive or unproductive because there does not take place any labour at all. Thus, managers and directors do not in any way perform 'productive labour'. Even in the case of 'unproductive labour', escaping from the 'labour' becomes frequent as the 'rank' rises.

A strange thing in determining 'wages' is that it is the master who fixes the wages of the workers. Then who will fix the wage of the director when the master himself acts as a director? It is simply that director himself! It means that director is a strange worker who fixes his own wage!

So far we have seen the capitalist with 9 pockets. The capitalist who climbs the rank of a director will have a 10^{th} pocket as well. It contains the wage of the director and the privileges. All these are different ways of swallowing the surplus value from the workers.

While the lower level employees like supervisors perform the large part of the 'labour of management', it appears outwardly as if managers and directors carry out the entire management activities.

Capitalist economists say that the capitalist works very hard and manages the process of production and only in lieu of this labour he gets 'profit'. That is, they present the 'profit' as remuneration for the 'labour of management'.

These economists further argue that supervisors, manager and directors in the place of production receive various kinds of wages for organising the process of production and the whole expenditure incurred on their wages is nothing but expenditure relating to the 'labour of organisation'. But, the capitalist gets profit even after deducting all those expenses, doesn't he? If 'profit' is a wage for 'labour of organisation' performed by the capitalist, what about all that the managers and directors

swallowed earlier? —For what is it a wage? What great things did they do without performing 'labour of organisation' by taking so many wages? If it is a capitalist himself who performs the labour of organisation, the capitalist should be there daily in all the 3 shifts. If there are other employees in his place, that labour becomes the labour performed by others but not of the capitalists. Though there are separate employees for doing labour of organisation, economists depict as if the capitalist is doing some invisible and mysterious labour and hence has the right to get 'profit'. But, it is all an illusion.

Lower-grade employees such as supervisors alone perform this labour to a large extent and thus live on their own labour. They are subjected to exploitation even while rendering 'surplus labour'.

Employees such as managers live largely on exploitation and to some extent on their own labour.

Directors live wholly on exploitation!

Exploitative wages .... for being 'directors',
Profits ..... for being 'masters'!

Hence, in order to know the amount of 'surplus value' embodied in the 'commodity' which they produced, it is not enough if the workers simply add items like interest and profit. They should also have a correct understanding with regard to the 'wages' which the managers and directors get.

A very important point to be noted here is that we should not take the calculations as they are which the capitalist gives with reference to the 'wages' and consider them as 'variable capital'. The entire expenditure that is incurred on wages at a place of production is not the expenditure spent on 'productive labourers'. Those wages include unproductive wages and also the exploitative wages that are received by those fellows who do not perform any labour. All these wages cannot be included under 'variable capital'. When we speak of 'variable capital, we have to consider the wages of productive labourers only. Only then will the actual 'rate of exploitation' be known.

(6) Some more unproductive labours :

Some more kinds of 'unproductive labour' are found in the 'production place'. For example, 'labour of watchman'. Watchmen are

found at the factory gates and other places. There will be security guards that check the workers. These kinds of labours come under 'labours of keeping watch'. The duty of these workers is to see that workers do not resort to stealing. This is not a 'natural need' of the process of production. This is a need that arises due to the 'exploitative relations of production'. Certain expenses are incurred in order to carry out this labour. 'Wage' has to be given to the watchman. Certain 'instruments of labour' should be provided. All these expenses are 'unproductive expenses'. These should be met with from the 'surplus value' of the productive labourers.

Watchmen are unproductive labourers. They give 'surplus labour'. They are subjected to exploitation.

Another unproductive labour necessary for the capitalist is the 'labour of a factory lawyer'. In the legal disputes between the capitalist and workers, this lawyer argues on behalf of the capitalist. In return, he takes huge amounts of fee. Of that fee certain portion represents his labour; the rest is exploitation. It means, the factory lawyer too consumes a portion of 'surplus value'.

The labour of the Auditor, who prepares false accounts to be shown to the government with regard to the credit and debit account of the production enterprise, is also an unproductive labour that is not necessary for the process of production. (If it is a labour of maintaining accounts necessary for the production process, it comes under the 'productive labours'. We will see this at another place).

Now, we have to see an example combining all the wages paid at the place of production.

Let us suppose that a capitalist spends a total of 200 on wages in the case of a 'commodity' at a 'production place'. (This, we may suppose to be, for a day, a week, or month. Any way, it is the same). The details of those wages are the following: wage of the director is 35 (including the value of the special privileges). Wage of the manager is 25. Wages of 6 supervisors are 55. Unproductive wages of labours like labours of watchmen and lawyer's fee are 20. Wages of the productive labours are 65. All these wages taken together are 200. After selling the produced commodity and after deducting the expenditure of the means of production and the wages of 200, let us suppose there remains a surplus value of 210. Then, what is the rate of surplus value?

$$\text{Rate of surplus value} = \frac{s}{v} = \frac{210}{200} \times 100 = 105\%.$$

Considering all the wages, which the capitalist paid as variable capital, if we see the rate of surplus value, it comes to 105%.

But, 'variable capital' does not mean all wages, which the capitalist spends. What will be the rate of surplus value if we calculate it with reference to 'productive wages'?

We have to deduct the wage of the 'director' from the portion of 'wages' and add it to the portion of 'surplus value'.

We have to deduct the 'unproductive wages' as well from the portion of 'wages' and add it to the portion of 'surplus value'.

The labour of supervisors consists of partly 'productive labour' and partly 'unproductive labour'. Therefore, of the '55 wages of the supervisors', let us retain only 25 in the portion of wages and add another 30 to the portion of 'surplus value'.

We have to divide the wage of the manager into 3 parts. One is productive wage; one is unproductive wage and one is exploitative wage unconnected with any labour. Let us suppose that out of '25 wage' of the manager, productive wage is 5, unproductive wage is 5 and exploitative wage is 15. We have to put the 'productive portion' in the wage component and the remaining 2 portions in the component of 'surplus value'.

Thus after dividing the accounts, the actual 'variable capital' will be as follows: wages of the productive labourers are 65 + productive portion in the wages of the supervisors is 25 + productive portion of the wages of the managers is 5 = 95. This is the actual 'variable capital'.

The actual 'surplus value' would be like this: According to the initial calculation, surplus value is 210 + wage of the director 35 + unproductive wages 20 + unproductive portion of the wages of the supervisors 30 + unproductive portion of the manager's wage 5 + exploitative portion of the manager's wage is 15 = 315. This is the actual surplus value.

If we go by the account which the capitalist shows, it appears as if 200 wages has produced 210 surplus value. But, in fact, 95 wages produced 315 surplus value. In whatever way we look at it, the total value produced remains the same.

200 wages + 210 surplus value = 410.
95 wages + 315 surplus value = 410.

What the 'productive' workers produce is the value of the wages and surplus value only. Therefore, the total value, which the workers produced in this example, is 410. The question is that how much surplus value did the wages produce and what is the value of those wages? As productive labours alone are responsible for the 'production', here it means that 95 wages gave 315 surplus value. But it does not mean that 200 wages gave 210 surplus value.

Now, we have to consider 95 wages and 315 surplus value and calculate the 'rate of surplus value'.

If 95 variable capital gave 315 surplus value, what is the rate of surplus value?

$$\text{Rate of surplus value} = \frac{s}{v} = \frac{215}{95} \times 100 = 332\%.$$

This is the real rate of exploitation.

In any capitalist enterprise, if we consider each item, that appears to be spent on wages, as 'variable capital', the real quantity of the surplus value appears to have diminished. We should include only natural labours, which are required for the 'process of production' in the portion of wages. We need to conduct a special examination with regard to such questions as: 'what part of the wages of higher grade employee should be included in the portion of wages and what part in the portion of surplus value?'

It is not possible to characterise at once certain kinds of jobs like supervisor, engineer and chemist as productive labours or unproductive labours. We have to characterise them by examining whether those jobs are naturally required or not with reference to the 'process of production'. We have to examine such questions as' how much of the supervisor's work consists of labour of organisation and how much of it is labour of control and divide that wage in those proportions. The same is the case with the wages of other employees.

We have already seen that 'productive-unproductive' distinction is found not only in the case of 'wages' but also in the case of 'means of production'.

Instruments of labour necessary to carry out the 'labour of watchman' and similarly instruments of labour necessary for the labour of a 'factory lawyer'—all such things are 'unproductive' expenses only. Further, large part of office expenditure of such big officials as directors and managers is unproductive expenditure. Though the capitalist initially invests all the expenses, he will be able to take them back from the 'surplus value'. But the capitalist shows in his account each one of his expenses as the expense of 'means of production' required for the commodity. Workers, however, should not accept the account, which the capitalist shows as it is. As we have seen the wages in terms of 'productive-unproductive' distinction, we have to examine the account of 'means of production' which the capitalist shows, also in terms of productive-unproductive' distinction. We have to include all the 'unproductive' expenses in the 'surplus value'. Only when we examine matters with this understanding, will we know the actual amount of surplus value. If calculations go wrong, 'surplus value' appears in a diminished form.

While examining labours that take place at various places in the 'society', we have so far observed: firstly productive labours that take place in the 'production place' of the capitalist; later unproductive labours that take place at the house of the capitalist; then the labours that take place in the houses of the workers; and then again some more productive and unproductive labours that take place in the 'production place' of the capitalist. Now let us see another kind of labour.

3. Labours at the houses of the workers

First let us see the situation of the 'productive workers'. These people work in the 'production places', take 'wages' and with those wages buy 'products of maintenance' (food, clothing, shelter etc.,). But, in order to use those products, certain other kinds of work should take place daily: cooking, house-cleaning and washing of clothes. The family members do all these household chores themselves. (It is a different question as to who among those family members: whether women, men or all members together: do those chores. We will examine this point later in this chapter. Even among the productive workers, sections of mental labourers get the household chores done by 'unproductive' labourers. We will also see such an example later. At the moment, let us take the example of productive workers who do the household chores themselves).

Productive workers produce their means of subsistence for themselves. They do the housework for themselves. They don't depend on unproductive labourers for the sake of 'housework'. Thus, they do labour inside and outside the house and live on their own labour (while losing large part of it for the sake of Masters).

About unproductive workers: They do housework for the Masters, receive wages and buy means of subsistence. They do not produce any of those means of subsistence. They depend on 'productive labourers' only, for the production of those means. However, they get the 'value' (wages) necessary for buying those means of subsistence, only by doing labour. They themselves do the household chores relating to their families. Thus, unproductive labour too live on their 'own labour' (while losing large part of their labour for the sake of the Masters).

1) Unproductive labourers in the houses of productive labourers

Almost all the sections of higher-grade mental labourers among the productive labourers engage unproductive labourers to do 'domestic labours'. These sections also pay wages as the other Masters do. That is, they pay 'the value of labour power' only. Which means, these sections too get some 'surplus labour' from their domestic servants.

If we imagine a 'new society', the 'system of domestic servants' should be totally abolished. But, keeping in view the existing capitalist society, the mental labourers in this society, when they engage unproductive workers to do 'domestic duties', should pay wages higher than the market wages. They should not exhibit the attitude of 'lordship' towards them. This is the minimum responsibility, which they should discharge toward the co-workers. But, mental workers too cannot understand these things if they do not know about the 'exploitation of labour'. Even while being workers themselves, they behave like 'Masters' over unproductive workers. They exhibit a wrong behaviour in regard to 'wages'.

2) Liberation of 'productive labourers' itself is the liberation of 'unproductive labourers'

Both productive labourers as well as unproductive labourers are subjected to exploitation. But, of the two kinds of exploitation, exploitation

of productive labour is the fundamental exploitation. Only when a commodity is produced at a place of production and an income is secured, can a capitalist afford to spend that income on his family needs, luxuries and domestic servants. If there is no exploitation in the 'place of production', there will not be necessaries of life, luxuries and domestic servants. If there is no exploitation in the place of production, the entire family of the capitalist should have to do all the domestic and non-domestic chores for itself.

Greater the level of exploitation of productive labourers by a capitalist, larger would be the income that he earns. With that large income he would be able to keep unproductive labour under his control on such a large scale. A capitalist who gets 100 income per day in the form of profit is able to spend more on the domestic servants than a capitalist who gets only 50 income per day.

As capitalism constantly creates the problem of unemployment (that is, inability to provide jobs) in the productive sphere, all those labourers who do not secure productive labours (jobs) would always be ready to do unproductive jobs.

With the profit that he obtained from a worker who works in his 'place of production' a capitalist, can engage the family members of the worker himself as domestic labourers. It means that, of the members of a worker's family, some perform labour in the production place of the capitalist and some others in the house of the capitalist.

As labourers, first of all, should exist physically and be alive in order to do these labours, they take out of their labours merely the minimum necessaries and hand over the rest to the capitalists. Which means, the productive and unproductive labours live cent per cent only for the sake of capitalists. Productive-unproductive labourers perform labour every moment of the day and night only in order to enable the capitalists to lead a life of idler, day and night without doing any labour.

Though both productive and unproductive labourers are servants of the Masters, among them the servitude of unproductive labourers is more miserable. There are no specified 'working hours'. All the productive labourers, normally, work collectively for the same commodity. But, the situation of unproductive labourer is different. All of them do not perform

the same work collectively. Therefore, unproductive labourers will not have the opportunity to stand collectively and fight against the Master.

In the example of cooks, we have seen that the wages of unproductive labourers who work as domestic servants would also be similar as those of productive labourers who perform the same kind of jobs. But, they would not be so in actual practice. Labourers enter into unproductive labours like domestic services only when they don't get jobs in the productive spheres. Therefore, the wages of unproductive labourers would be lesser than those of the productive labourers who perform the same kind of productive work.

That is, as long as 'system of exploitation' exists, it is inevitable for a large section of the 'working class' to lead utter poor lives as domestic servants in the houses of exploiters with inadequate wages and in the conditions lacking in freedom and self-respect, and in conditions which are more miserable than those of productive workers).

Let us suppose that a car driver of an exploiter does not engage himself in driving more than 2 or 3 hours in a day. 'How many hours did that servant drive the car in a day?'—is not an issue. He is a slave of his Master as long as he is engaged in the work connected with his Master. Though he finds leisure intermittently after he comes to duty, the driver cannot spend that according to his personal wishes. He cannot go to his house and do household chores during that intermittent leisure time. He cannot look after his own children. He cannot spend that time for his personal needs. Even during the intermittent leisure time, he has to wait for the call of his Master, be ready always to serve his Master, and be subservient to his Master as a person sold out to the Master, as a person who does not own his own body and as a person who is alienated from himself. Thus the unproductive labourers exist cent per cent in a 'relationship of a slave' with their Master. The Master would never be under the control of these servants. The servants exist under the control of the Master throughout their life. If the unproductive labourers have to be liberated from this condition, it depends upon the liberation of the productive labourers.

The unproductive labourers too would be liberated only when the productive labourers in the society are liberated. When the productive and unproductive labourers are liberated from exploitation, they become

'Independent' labourers, who will have no Masters. Then, the productive-unproductive distinction between them ceases.

While describing how much labour is spent wastefully in capitalist society, Engels talks about the multitude of servants who are employed simply for luxuries in the houses of the rich. While characterising a single householder as the representative of a rich-family, Engels calls it "service to a single person".

> "An even worse wastage of labour power is to be seen in our existing society in the way the rich exploit their social position. I will say nothing of all the useless and quite ridiculous luxury, which arises only from the passion for display and occupies a great deal of labour power. But, gentlemen, just go into the house, the inmost sanctuary, of a rich man and tell me if it is not the most senseless waste of labour power when you have a number of people waiting on one single individuals, spending their time in idleness or, at best, in work which results from the isolation of a single man inside his own four walls? This crowd of maids, cooks, lackeys, coachmen, domestic servants, gardeners and whatever they are called, what do they really do? For how *few moments* during the day they are occupied in making the lives of their masters *really* pleasant, in facilitating the free development and exercise of their human nature and inborn capacities—and *how many hours* during the day they are occupied in tasks which arise only from the bad arrangement of our social relations—standing at the back of the carriage, serving their employers' every whim, carrying lap-dogs, and other absurdities. In a rationally organised society, where every one will be in a position to live without pandering to the whims of the rich and without lapsing into any such whims himself—in such a society, the labour power now thus wasted on the provision of luxury can naturally be used to the advantage of all and to its own." (Marx, Engels, and Lenin: "On Communist Society". Pp: 14-15. Moscow: Progress Publishers, 1981.)

The expressions "work which results from the isolation of a single man inside his own four walls" in this quotation refer to 'the life-conditions in which the rich accumulate and exhibit their individual riches'.

The expressions "in making the lives of their masters really pleasant"

refer to the fact that 'there is no such thing here as one person is enlightening/entertaining another person with any special talents like 'art'.

4. Labour of independent producers

A producer 'who does not have any master over him and who is not a master over others' is an Independent producer. Or, Independent labourer (either male or female). Let us take such a 'tailor'. This tailor keeps a sewing machine either in his own house or a rented room and makes garments for the customers.

To this Independent producer, 'value-use value' distinction applies but not the 'productive-unproductive' distinction.

If the tailor stitches some clothes for his own use, that labour would serve him as 'use-value'. If he stitches clothes for others and takes money, then that labour would serve him as 'value' since he is selling his labour to others. With that value (money) he would buy other things.

Whether this tailor takes others' cloth and stitches it or he himself buys the cloth, stitches it and sells it as ready-made garments, his labour in both these instances would convert into 'value'. It means that in the first instance he simply sold his labour and in the second instance he sold an article which he himself made. It means that in both these instances, he got the entire 'value of his labour'. Which means, his 'surplus value' does not go anywhere. It is not a 'surplus value' that comes from others.

Similarly, when he stitches clothes for his familial needs also, his 'surplus labour' will not go anywhere. His labour will come to him only. It is not a surplus labour that comes from others. Hence, an Independent producer is neither productive labour nor unproductive labour. He is merely a producer of articles.

In the capitalist society, not only are the capitalists and workers but also Independent producers. Just as there are Independent producers in the tailoring labour, so also in certain other kinds of labour. The members of a family who weave clothes on their own loom and sell it are Independent producers. The members of the family who possess some land of their own and cultivate it with their own labour are Independent producers. Looking after one's own cattle and selling milk; doing poultry work oneself and selling poultry products; running a small hotel with

one's own labour—all those people who live on these jobs are Independent producers only.

Let us say there is a cook. He does not work either in a hotel or a house on the wage basis regularly. On special occasions such as feasts and parties, when people call him, he goes over there, cooks for them and comes back. Though he works daily somewhere or the other, he would work on the same basis every where. He does not have a 'master'. His relationship with the family for which he cooks is not that of a 'master-servant'. Such a cook as this is an Independent producer.

Doctors who have their own practice without others' help, lawyers, tuition teachers, drivers who drive rickshaws and taxies on their own—all these persons are Independent producers.

Thus, those who do not work as 'wage labourers' of a master and who produce some commodity (that commodity may be in the form of an 'article' or 'work') and sell it are Independent producers.

No portion of the fruit of the labour of Independent producers will go to any one else, would it? The whole fruit of that labour will go to him only, wouldn't it? Yet, all the Independent producers generally live in dire poverty. Why? We will see the answer to this question in the chapters

'General rate of profit' and 'prices', in part 2 of this volume. For the present, a brief answer would be that Independent producers do not have at their disposal as much 'productivity', as the capitalists have for producing a commodity. Owing to this reason, large part of the labour of Independent producers becomes fruitless.

Let us suppose that if it takes 1 hour for a capitalist to get a commodity produced, it takes 4 hours for an Independent producer to produce the same. But, while selling that commodity the Independent producers too should sell at the same value for which the capitalist sells. It means that though the Independent producer performed 4 hours of labour, it is counted as 1 hour only and no value is obtained for 3 hours of labour. It becomes useless for the Independent producer. In this manner, owing to the competition with the capitalist's commodities, Independent producers only earn less value, for their commodities, which they produced with more labour. That is why, these people live in poverty though they perform labour day and night.

Though 'productive-unproductive' distinction does not apply to the labour of an Independent producer, due to the capitalistic influence in the society, the Independent producer too divides his labour in terms of 'productive-unproductive' features.

This is how an Independent producer perceives his labour: He thinks his labour is 'productive' if he sells it outside and earns 'money' through it; or it is 'unproductive' if he had spent it on his own family needs and hence he does not get money. It means that he misunderstands the 'value-use value' distinction as 'productive-unproductive' distinction. That is, the Independent producers too cannot properly understand relations and characteristics of labour. They look at every thing from a capitalistic point of view.

As the Independent producers too have to sell 'commodities', these people treat the 'process of production' as 'process of commodity production'. That is, according to the calculations in terms of capital, wage and profit.

When an Independent producer produces a 'commodity' and sells it; and when the portion of 'means of production' (**c**) is deducted from that 'money', all that remains is the labour of that producer. It is a totality of two portions v + s. But, the producer does not know all these things.

This is how the producer understands the aspects of his 'commodity'. "I invested some thing on 'means of production'; therefore I should get it back. I should get some 'wage' for the 'work' that I have done. Because, I get some 'wage' if I do this work for other. Similarly, I should get a 'wage' now too. Further, I invested some capital initially on 'means of production'; hence I should also get some 'profit' for that." Thus this producer divides the money, which he gets through his commodity, into certain parts. He thinks as if he has to get only 'wage' in return to his 'labour'; as if he has to get 'profit' on the 'capital'; and as if that capital is coming free from somewhere. He does not understand that 'profit' too is his labour and wage and profit together constitutes the value of his labour. Thus, the producer too understands all the aspects concerning 'labour' and 'value' from a capitalist viewpoint.

As the Independent producers too have to produce commodities and sell them, they too acquire all the frauds that a capitalist commits in the case of production and sale of commodities. Such frauds, of course,

would also become necessary in order to withstand in the competition with the capitalists' commodities.

Since the beginning of capitalism that produces commodities simply for the sake of 'sale', even the products of Independent producers too (whatever they are in the form of 'things' or 'work') would begin to be produced with a sales-perspective only. Exchanges that took place earlier with a 'use-value' perspective at least to some extent, and certain kinds of work (even those that were rendered by doctors and teachers), the exchange of which took place between one another without any definite value-calculations—gradually become commodities that are 'sold' and 'purchased'. Every Independent producer, always treating his labour as commodity, expects that money should fall into his hands whenever he uses his 'labour'. He gradually gives up specific contexts in which he could use his labour without the perspective of 'money'. This means, he abandons such natural relationships as: helping others with whatever craft he knows and similarly receiving help from others. He buys all the labours that he needs and sells his own labour precisely for money to others who need his labour. In this manner, even the Independent producer too transforms every relationship in his life into a 'money' relationship. 'Money relationship' means a relationship of selling and buying labours and things. As the money orientation of getting money from his things and labour increases, the process of transformation of the Independent producer into a 'commodity dealer' becomes intense.

In the capitalistic world in which all the products are becoming commodities everywhere, even the Independent producer, like the capitalist, will have the main objective of accumulating the 'mass of money' (whether he is able or unable to accumulate).

Any Independent producer living in the 'capitalistic society' will have to compulsorily labour for a longer time for the sake of earning money. Above all, an Independent producer who perform such ordinary manual labours as weaving and tailoring are compelled to perform excessive labour for the maintenance of 'families'. But Independent producers such as doctors and engineers who are concerned with mental labours can earn enough for their needs even without performing excessive labour. Since the values of the mental labours are higher than the value of manual labour. But these people do not satisfy themselves by satisfying natural wants such as food, clothing and shelter. Like the capitalist, these

people too will have 'accumulation of money' (accumulation of property) as their main objective. These people acquire capitalistic conception that the purpose of performing labour is to procure property and not for 'natural wants'. Just as the capitalist oppresses his workers for earning money and makes them to do excessive labour, the Independent producer, who is zealous to earn money, too tortures himself and performs excessive labour without any rest. The Independent producer who is mad after money splits himself into 2 parts: one as a Master, another as a 'servant'. Just as a master orders him, this person too orders himself and constantly keeps himself in labour. This independent producer would be over zealous to procure properties very rapidly by spending the least amount on his personal needs; by troubling the family members dependent on him without satisfying their wants adequately and thus by accumulating money. With this excessive zeal, he gradually begins to engage wage labourers in his 'place of work' and gradually becomes a small capitalist (petty bourgeois). If he can go on increasing his level of production further and further, this small capitalist will gradually grow into a pure and simple 'capitalist' who abandons 'labour'. Thus if one kind of Independent producers, under the influence of capitalistic money-mindedness, turn into small or big capitalists, another kind of Independent producers fall under other kinds of influences.

In the 'capitalistic world', 'extravagance' is inevitably found beside 'money-mindedness'. The Independent producer who is under these influences wastes large part of his labour for artificial needs rather than for natural needs. He is mad about using valuable commodities and leads an extravagant life. He will not be concerned about his family. He squanders the entire fruit of his labour on extravagance and addictions of various sorts. All this is a tendency to imitate capitalistic life style (It is not only Independent producers who are under these influences; wage-labourers too are!) As the capitalist has a 'mass of exploited money', he can spend money in any number of wrong ways. Either due to imitation of the capitalistic life-style or due to inability to withstand in the competition of commodities, the Independent producers who are trapped in such kinds of situation gradually become indebted and turn into 'wage labourers'!

In a capitalist society, the capitalist as well as the worker purchase the commodities of Independent producers. Whoever buys them, they

are 'simple exchanges'. If a worker gets garments made by an Independent producer who is a tailor, the worker would pay for the labour of that value from his wage. If the capitalist gets clothes made for his family needs, he would pay for that value from his 'profit'. The question as to whether this expenditure is productive or unproductive applies only to the capitalist but not the worker. This is an 'unproductive' expense in the case of the capitalist.

Let us suppose that a tailor works as a wage-labourer under a capitalist of ready-made garments and does tailoring work at his own house as well during his leisure time. Such a person would be a productive labourer so far as the commodity production of the capitalist is concerned and an Independent producer so far as the work that he performs at his own house.

The production of the Independent producers too is included in the 'total mass of products' produced in the capitalist society. Let us suppose that tailoring work of 1000 value per day is needed to fulfil the tailoring requirements of the society. Out of that, let us suppose, tailoring work of 900 value is carried out by means of capitalistic enterprises and Independent producers carry out a work of 100 value. For the sake of families of Independent producers a tailoring work, let us say, of 20 value is required. It means that the Independent producers, while doing a work of '20' for their own families, they do another '80 work' for their outside needs. Thus, a tailoring labour of '1000 value' satisfies the tailoring needs of the society in 1 day through capitalist enterprises as well as tailors, who are Independent producers. The same is the case with other needs also. The capitalist medical enterprise and Independent doctors taken together satisfy the medical wants of the society. In this way, in every branch of production, the capitalist enterprises and Independent producers taken together satisfy the social needs.

When we speak of 'capitalist society', it is only the capitalist enterprises that undertake large part of the production in the society. The portion of production, which the Independent producers carry out, will be very little. Hence, when we talk about 'capitalist society', we need not take production of the Independent producers into consideration. If we take into account the products of the Independent producers as well whenever we speak of 'mass of social production', then all the calculations will be confusing. While examining the capitalist mode of production

and its production relations, only those things that happen between the workers and capitalists are relevant. Therefore, while examining the details concerning capitalist production, we leave out the products of the Independent producers and consider the products of workers alone as production of that society.

5. Labours under the control of the 'State'

State (that is, the government) too is a capitalist. A very big capitalist.

This big capitalist possesses many thousands of 'productive' enterprises and many thousands of 'unproductive' enterprises.

'Capital' runs all the 'productive' enterprises and 'Income' runs all the 'unproductive' enterprises.

While 'productive' enterprises increase 'capital', the 'unproductive' institutions spend the 'income'.

The state gets its income in 2 ways: (1) Through the 'profits' of its 'productive enterprises!, (2) Through 'taxes' collected from all the classes in the society as a whole. These 2 sums together constitute its income.

1) The State-run 'productive enterprises'

Those enterprises, whose products are sold as commodities by the state, are state-run productive enterprises. Government factories, mines under the control of the government, the entire transport industry that run means of transport such as trains, buses, ships and airplanes; postal and telegraph industry, power-industry that produces and distributes electric current—all these industries are 'productive enterprises'. (Here, we have to note one thing. We cannot definitely say that 'such and such enterprises are under the 'state control'. They are found differently in different countries. The entire transport industry in one country may be under the state control. In another country, large part of that industry may be under the control of private capitalists. The same is the case with other industries also. Therefore, when we speak of state-controlled industries, we have to see things depending upon the respective countries).

Of these industries, each produces a particular kind of 'commodity'. The transport industry produces a commodity called 'transport facility'; postal and telegraph industry produces a commodity called 'communication' and so on. The state sells these 'commodities' to the

population (to the capitalists, productive labourers, unproductive labourers and also to the Independent producers) of the society.

If the state gets 'arms' produced and sells them as 'commodities', that enterprise too is a productive enterprise. Labours that produce 'arms' are not naturally needed for the society. Yet, those labours produce 'commodities' and give surplus value to the state and hence they are productive labours too. The state runs many such enterprises.

Every productive enterprise functions with some amount of 'capital'. After selling the 'commodity', it takes back its capital and also the profit over that capital. That profit is the income of the state. This means, the state too extracts 'surplus value' of the workers who work in its enterprises. Therefore, the state is also an exploiter.

In the productive enterprise of the state, we find not only productive workers but also unproductive workers. Everything, that is there in the enterprise of a private capitalist, is also found here.

Even in the 'state enterprise', the wages of productive workers alone constitute 'variable capital'. Wages of the unproductive workers and other unproductive expenses together constitute a portion in the 'surplus value' of productive workers.

But, even in the calculations of the state enterprises, all kinds of wages merge together and count as 'wages'. Similarly, all kinds of expenses merge together and are counted as 'means of production'.

Seldom do they say that the state enterprises secured profits. According to the accounts, which the officials of these enterprises show, these enterprises always incur 'losses'.

But, workers should not at all believe those accounts. They should not treat them as 'true' accounts. Because: even though officials do not show 'profit' in the accounts, 'interest' and 'land-rent' would definitely be there in the accounts. These are parts of surplus only. If we rewrite these false accounts by identifying the unproductive wages, expenditure on unproductive means, fake building-rents, false wages unconnected with labour and false accounts, which the officials show in lieu of the amounts that they swindled—all these items constitute surplus value only. It means that even in those enterprises where only losses are shown, surplus value inevitably exists. The whole of it is a 'mass of profits' only.

Therefore, whatever losses are shown in the capitalistic accounts, workers should not believe them. They should not accept them as they are given. If they are rewritten with a 'correct understanding' as to 'which item in those accounts falls under which part', we can correctly calculate the 'mass of surplus value'.

2) The State-run 'unproductive institutions'

All those enterprises whose products the state (the government) does not sell as 'commodities' are state-run unproductive institutions. Wages, expenses of means of production and everything is paid for from the 'income' of the state. Police, Army (the entire army that moves on the land, water and air), Courts, Jails, all offices concerning administration, the state-run 'service' institutions like schools, hospitals and religious institutions—all these institutions are included in this category of state-run unproductive institutions.

If all the enterprises that secure 'profit' through 'capital' are productive enterprises, all those, which spend 'income', are 'unproductive' institutions. Whatever we saw in the case of an individual capitalist also applies to the state.

If we take the labour of 'health care', it is a labour that is always naturally necessary for the society. But let us suppose that free health care is offered in a government hospital. Let us say that they don't take any money from the patients in return for that medical care. It means that they are not selling 'health care' as a 'commodity'. They have to spend the entire expenditure to run that hospital from out of the 'state's income'. Which means, this public hospital exists as an institution that spends the income rather than that increases the capital. Hence, it is an 'unproductive' institution.

If there is a system of charging money from the patients in another State-run hospital, then that hospital becomes a 'productive' enterprises. The same labours of health care, which are 'productive' here, will be 'unproductive' in the public (free) hospital.

Among the needs of a capitalist society, there will be natural needs and unnatural needs as well.

If we take productive labours, there will be among them natural labours and unnatural labours as well.

Similarly, if we take unproductive labours, there will be among them natural labours and unnatural labours as well.

It follows that, with regard to the labours, the capitalist society makes a 'productive-unproductive' distinction.

Now let us see some 'unnatural labours' that take place under the state control.

(1) Military labour:

This is the labour that involves 'war'. War is not a natural necessity for the human society. Unlike agriculture, weaving, tailoring, health care, and driving which are natural needs, none of the labours and duties connected with the military is a natural need. The contradictory conditions that arise due to the exploitative relations of production in the society inevitably create wars. The fight among the primitive tribes for natural resources when the human kind was in a primitive animal stage is a different issue. If we leave such fights aside, wars that began along with the exploitation are not a natural need of the society.

These wars are waged only for the sake of exploitation.

If agriculture, weaving, tailoring and such other processes of production are not there, human society will not exist with human characteristics. But, no such thing will happen to the human society if wars are not there. Moreover, humanity will develop thousand times. That is, war is not a real need for the human life.

Similarly, if we see 'production of arms', these arms are not such arms as are made with an objective to secure food by means of hunting or to protect oneself from the cruel animals. These are exclusively made for 'wars'. All kinds of arms—beginning from the sticks and knives up to various guns, cannons, bombs, tanks, warships, war planes, submarines etc.,—are included in this kind of labour. Labours performed for the production of these arms and the labours found in the military are totally unnecessary for the human society. But, these too are obligatory for the human society that is amidst exploitative relations. This is not a natural need, but an unnatural need.

When we speak of 'wars', what appears to us is that soldiers belonging to two different administrative regions (countries) attack one another with arms and kill each other. Not only soldiers of both the sides

kill each other, they also kill the population of the opposite side. If a country can destroy the other country on a large scale, if it kills the population of the other side in large numbers and if it can plunder their lands and other properties...it amounts to its victory.

The government of every country tells its population that "the enemies are hiding behind the boarders. Kill them and save the motherland". Whatever the government of one country tells its population about the second country, this second country too tells its population the same thing about the first country. If we go by what the governments say, the population of all the countries always live behind the 'boarders' only. Both lies and facts are found in what these governments say. whether or not the enemy is hiding behind the borders, wars are waged simply because of antagonisms. Well then, why those antagonisms?

Antagonism found in the society is of 2 kinds: (1) Antagonism between the class that exploits and the class that is subjected to exploitation. (2) Antagonism between one group and another group within the exploiting class.

The second kind of antagonism is dependent on the first kind. Had the first antagonism been not there, there would not have been the second antagonism. When there is exploitation, there will be 'surplus value' extracted by means of exploitation. There would inevitably be conflicts in sharing it.

As the antagonism is of 2 kinds, wars too will be of 2 kinds. (1) Wars that occur between the class that exploits and the class that is subjected to exploitation. Struggles of slaves, feudal peasants and workers that occurred in the world history come under this category. (2) Wars that occur between one group and another within the class of exploiters. These wars are waged in order to grab the surplus products, which the laboring class produces; to occupy the land and other natural resources required for production. All the wars that take place among the feudal lords and among the capitalists come under this category.

Both these kinds of wars are inevitable in the exploitative society. The exploiters, sometimes, fight among themselves. Sometimes, they all come together and fight against the 'class of labourers'. Sometimes the 2 kinds of wars do not exist separately; they exist intermingled.

Under a given 'specific situation' (a given historical phase) prevailing in the society, one group within the exploiting class holds 'progressive' views compared with another group. (As capitalists were progressive compared to the feudal lords at one time). Wars take place between the progressive group of the exploiters and the labouring class on the one side and the reactionary group of the exploiters on the other side. This kind of war would be, on the one hand, like a war between the groups of exploiters and on the other hand like a war between exploiting class and working class.

As wars in exploitative societies, on the whole, are inevitable, 'military activity' exists here as an inevitable function. Similarly, arms production in this society would be more necessary than the food production.

As long as the society is in false relationships (exploitative relationships), these wars, arms production and labour of military will inevitably be needed continuously.

As the 'military labours' spends the state income, these are 'unproductive labours'. All the soldiers are unproductive labourers. These people give a labour to the capitalist class and receive wages.

All the soldiers lose 'surplus labour' and are subjected to exploitation.

There will be many disparities between the wages of soldiers and military officers. The labours of the soldier are manual labours in nature and the labour of military officials who lead the soldiers are mental labours in nature. Military officials are the direct agents of the exploiting class. That is why, military officials will have higher salaries and privileges.

(2) Labour of 'crime investigation':

In exploitative societies, the military labours are followed by the same category of unnatural labours, namely, 'labours connected with the crime investigations'.

Crimes include all such acts as: property frauds, bribery, kidnapping, assaults on women, murders, communal riots etc.

The conception of the exploitative theoreticians with regard to 'crimes' is as follows: "Human being is a wicked creature. He always

commits crimes. He is a worse criminal if he is poor. Crime is in his breath of life. If at all a human being exists, it is inevitable that crime accompanies him. Therefore, labours connected with crime investigation, and the means required to do those labours are eternal requirements of the human society.—This is their understanding.

But, according to anti-exploitative conception: **The exploitative society itself is the birthplace of crimes. Exploitation itself is the foremost and biggest crime in the society.** It itself is the creator of all kind of crimes. Committing suicide is not a 'natural' characteristic of the human beings. It is a 'social' trait. If exploitation could be eliminated from the society, all the crimes can be abolished. This is the conception of the people who are opposed to exploitation.

Crimes are committed for 2 kinds of reasons: (1) With an intention to achieve one's own interests even by doing harm to others, (2) Due to compelling conditions.—All crimes come under any one of these 2 categories. The exploitative society provides necessary 'foundation' for these 2 kinds of crimes.

As the 'private property' exists in exploitative society, there exists inevitably property disputes. As 'commerce' exists, there inevitably exist 'commercial frauds'. As money exists, there will be fraudulent attempts to earn money. As poverty exists, thefts will be there. As inequalities exist between men and women, there will be assaults on women. Thus, whatever crime we may consider, its roots are found to have penetrated into 'exploitation'. Exploitation constantly creates all kinds so conditions necessary for crimes and keeps all kinds of ways wide open. In a word, **exploitation plants the crimes, waters them and grows them.** In the case of an agricultural crop, if it grows once, it may not grow properly another time. No such famine conditions are there for the crop of crimes. As the 'competition' in the capitalist society 'increases', the crop of crimes too 'develops' and its output will increase year after year.

To those capitalist thinkers who form opinions by looking at things superficially, petty thefts committed by a poor fellow or a poor unemployed person who has no way of getting food and clothing appear to be bigger crimes than such real crimes as: accumulation of wealth and luxuries without doing any labour, very strange commercial frauds or drawing of wages by higher grade employees hundreds of times than

average wage. As soon as the word 'crime' is uttered, crimes committed by the 'poor' come to the forefront. The fact that the Masters exploit the labour of poor people does not appear in any list of crimes.

In the crimes which the capitalists commit, we do not find 'compelling circumstances' as the reason for committing crimes. All of them are aimed at 'earning money' or competing with other capitalists.

In the majority cases where poor people commit crimes, we find 'compelling circumstances' as the reason for committing crimes. In some cases, both the reasons (committing crime under compelling circumstances as well as for narrow self-interest) merge. Which means there will be occasions where poor people too commit crimes out of their excessive selfish-interest. Yet, majority of the crimes that poor people commit arises only from poverty. The number of crimes committed for selfish-interest will be fewer. Even that selfishness too has been taught to the poor by the society.

Rich people conduct all such crimes, which are committed with a selfish motive that he alone should get the benefit even if the other fellow is ruined completely. Poor people serve as instruments in the hands of the rich for committing crimes. When a rich fellow intends to commit a 'murder', he gets it done by poor people. Many crimes that poor people commit are those that are organised by rich people.

As long as material conditions that give rise to 'crimes', all such unnatural labours—labours of policemen, lawyers, court personnel, judges, jail personnel, hangmen etc.,—are necessary. These labours will live as long as 'crime' exists.

When a fundamental crime called 'exploitation' vanishes, all the crimes, which it created, would also vanish. All the unnatural labours that were hitherto dependent on crimes for their existence would also vanish. Courts and jails that are necessary to carry on those labours; means of labour connected with them and all other expenses would become unnecessary. In one word, when there is no 'crime', even the 'crime investigation' too would not be there.

(3) Other unproductive labours:

Now if we observe the remaining government offices other than military and courts, even here 90% of the labours are unnatural labours.

Except labours connected with the supply of drinking water and with the irrigation work necessary for agriculture and labours that engage in cleaning the roads and public places, all the remaining labours that take place in the name of 'administration' would become totally unnecessary in the 'new society'. All labour connected with the sale of properties, registrations, tax collection would totally become necessary.

(In the income of the capitalist governments, we have seen only the profits and taxes of the production enterprises, haven't it? We have to add to it some more items of income: items such as court-fee or stamp fee that the people who come to the court pay or registration fees paid in the property registration offices.)

The president, governors, collectors, ministers, military officers, judges and other higher-grade officials who get their wages from the income of the state in the exploitative society—all these are unproductive jobs. (The domestic workers who work for these higher-grade officials are also unproductive labourers). As these higher-grade officials take huge amounts of 'wages, it appears as if all of them perform lot of labour. But, is it true?

'Wage' means 'value of the labour power' only and not the 'value of labour'. Therefore, do the 'wages' which these presidents, governors, ministers receive represent only the value of labour power? Are these presidents, governors and ministers also giving 'surplus labour' and being subjected to 'exploitation' just as ordinary unproductive labourers do? Do they have to get still higher wages in order to do 'justice' to these people? No, the whole understanding is totally false.

That 'wage' means 'value of the labour-power' is a 'general law'. A 'general law' does not apply literally to each and every specific situation.

The state functionaries such as presidents and governors in fact do not perform any labour. What they do is not even 'unproductive labour'. As they do not do any labour, the question of their 'losing surplus labour' does not arise. The value that they get does not contain even a single atom of the fruit of their own labour. Hence, their wages are wholly 'exploitative wages'!

Functionaries like judges and collectors do some labour. Yet the law of 'value of labour power' does not apply even to these functionaries.

Because, the total value of wages and privileges which these functionaries get would not simply be the 'value of labour power'. It goes beyond the 'value of the labour'. This means, they get the entire 'value of labour' and further receive the 'surplus value' of others as well. Therefore, these wages and privileges are also part of exploitative wages to a large extent.

When the entire value does not come back in return for a 'labour', it only means that some portion of that labour is lost as 'surplus labour'. But, even if that person is weighed with luxuries and wealth and even if that person is a governor or a president, it does not mean that whatever he is getting is the value of 'labour power' and presidents and governors are losing 'surplus labour' and subjected to exploitation.

The strange thing here is highest wages for most negligible labour! Unimaginable wages for those who do not do even that negligible labour! Therefore, it does not mean that wherever there is 'wage' there would necessarily be labour and 'surplus labour' as well.

All the officials who organise the 'state' activities play the role that is favourable to exploitation. That is, they receive excessive mass from the 'social surplus value'. This only means that all these persons are swallowing the labour of labourers but not losing their own labour to others.

So far, we have seen as to what is productive labour and what is unproductive labour in the context of capitalist relations of production.

All those who work either in the 'state-run' organisations or 'privately-owned' organisations are 'wage labourers'. They are wage labourers because they work on the wage basis. But all wage labourers are not productive labourers. We find productive labourers as well as unproductive labourers among the wage labourers. We will face some confusion in understanding these distinctions. As all people work for 'wages', by looking at the 'wages', we will be under the illusion that all are productive labourers.

Productive labours are found only in the productive enterprises and no where else.

Unproductive labours are found in productive enterprises, unproductive institutions and private households (at the three places).

We can identify a labourer as a productive labourer or unproductive labourer or an Independent labourer depending upon the nature of labour relation in which he/she stands.

6. Labours that take place in religious institutions

Certain kinds of labours are carried out even in such places as temples, churches, mosques, monasteries etc. At these places, worship and other kinds of religious activities take place. These places are cleaned. Certain kinds of food considered to be sacred are prepared at these places. Many kinds of labour like cooking are daily necessary for the maintenance of monks or other religious persons who live there. Flower gardens and fruit gardens are raised. To what category do these labours belong?

The organisers of these religious institutions collect many kinds of charges from the devotees or followers of a given religion. For example, the organisers of these institutions produce 'sacred food' as commodity and sell it to the devotees/religious followers. Similarly, they provide lodging facility and charge 'rents' from the devotees/followers. In all such contexts, all those labours become productive labours.

Either a temple or a monastery will definitely earn some income from the devotees/followers. (Those devotees/followers may be workers or capitalists).

Suppose a monastery earns income through the contributions of devotees/followers, spends that income and maintain monks freely. Let us also suppose some workers carry out all the work necessary for that monastery on wage-basis. All those labours are unproductive labours.

Distinctions between the labours even in the religious institutions depend upon the context in which a given labour is performed.

7. Family labour

Though we have seen this aspect under the sub-titles 'labours in the house of the capitalist' and 'labours in the house of labourers', it is not adequate. It is indispensable to understand this aspect in more detail. This is an aspect that explains the 'man-woman relationships'.

The individuals in the 'family' belong to three generations. Wife and husband, their children and their parents.

Parents are of the first generation. They will be in their old age. These people having completed the stage of doing 'labour' inside and outside the house will be at the stage of taking rest for the most part.

Wife and husband are the second-generation persons. They will be at the stage of labouring for full time.

Children are persons of third generation. They will be still in their childhood. They will do labour in future.

Articles like rice, clothes etc. required for the subsistence of the family are produced 'outside'. No others do labour 'outside' for these articles than the persons of this family itself. Both the wife and the husband, or only one of them does that labour outside. On the articles, which were produced outside, and that have been brought home, various types of labour are yet to be done at home. These may be divided mainly into 4 types (1) cookery (2) cleanliness of the house: including cleaning of utensils, washing of clothes etc., (3) child care, (4) care of the aged. These duties constitute 'family labour' or 'house work'.

Housework has been the responsibility of women alone since generations in all the countries of the world. Though some women are also doing outside labour like men, they are expected to discharge all the household duties as their responsibility. This means that these women labour both at home and outside.

Here we cannot discuss the questions as to why the housework had become the responsibility of women in the 'social division of labour'. But, the housework has been the responsibility of only women since historical time. This clearly indicates the 'inequality' between man and woman. Therefore, in order to resolve this 'inequality' we should firstly observe the nature of 'housework'.

Is housework productive labour, unproductive labour or independent labour? Or none of these three kinds? If so, why?

Examining 'family' implies examining 'man-woman relationships'. Man-woman relations are of two types (1) physical relationships, (2) social relationships.

Social relationships mean 'labour relationships'. It means that there exist labour relationships even between wife and husband.

Though physical relationships exist according to natural properties, the physical relationships depend upon 'social nature'. That is, whatever nature the society has, it influences the man-woman's physical relationships also. Here firstly we shall see the 'labour relationships' between man and woman instead of their physical relationships.

Though certain numbers of women are working at home and outside as well, we will first see the situation of women who are confined to housework.

Let us suppose that the wife in a family is confined to the house and does 'house work'; and the husband is doing some 'job' (some labour) under a master. What is the difference between the conditions of these two persons?

The husband is selling his labour to a master. The master will pay wage for that labour, irrespective of whether it is productive labour or unproductive labour for him. The husband's labour gets money. The husband will be able to buy means of subsistence for the whole family.

The wife will do all the household chores. These too constitute labour. Let us consider cooking work as a typical example for all the household chores. Foodstuffs are prepared at the house. All the factors that are spent to prepare those foodstuffs outside, the very same factors are spent even at home. That is, even at home, the means of production and labour are spent. Let us assume these factors as 'C+V+S' same as in the case of outside products. 'C' is wholly husband's labour. 'V+S' is wife's labour. The foodstuffs are prepared with all these factors at home. However, they won't sell these food products outside.

They use them only for household necessities. These products will be consumed and thereby the household needs will be satisfied. None of those expenses will return. If new foodstuffs are required the next day, again new C+V+S are needed. That is, the foodstuffs prepared at home are merely use-values to that family and not 'commodities'. The husband is not a capitalist who gets commodities produced and sold. The wife is not a labourer who works on the basis of wage. The foodstuffs prepared by the wife are not sold outside. Hence, they won't convert into money. That is, the labour of the wife will not convert into money. It will not so happen that the wife loses her surplus value or the husband increases his money by extracting surplus value from his wife. This means, the 'labour

relationship' that exists between the wife and the husband is not the one that exists between a capitalist and a productive labourer. Therefore, the labour of the wife does not become even productive labour.

Similarly, the labour of the wife does not become even unproductive labour. Because, she is not a labourer who comes from outside, works on the basis of wage for the master's family and goes away. The relationship, which she and her husband have, is not the one that exists between a master and an unproductive labourer. Therefore her labour does not become even unproductive labour.

The labour of the wife will not even become independent labour because, independent labour by nature produces commodities necessarily for selling them outside. That labour converts into money. But housework does not produce commodities for sale. It doesn't convert into money. Therefore it is not an even independent labour either.

It means that the wife is neither a productive labourer nor an unproductive or independent labourer.

What then remains is only that labour which is devoid of productive, unproductive and independent characteristics.

Housework is that labour which takes place for 'one's own necessities'. It doesn't convert into value. 'To be a use-value without converting into value' is in its very nature. Whoever does that work, that is its very nature. Its character will not change even if the husband, instead of the wife, or any one else does it: either a man or a woman.

The expenses connected with the household should be described only in such terms as are appropriate to the present relationship and not as we described in the relationship between master and labourers. 'C' is the means of production, which the master invests. Let us call the means of production of the household as MP. The labour of the labourers is 'V+S'. Let us call the labour at household as 'L' (labour). This means, we refer to the expenses of the household not by the name 'C+V+S', but as MP+L. Of this, the whole MP is the labour of the husband. The whole L is the labour of the wife. The maintenance of the family continues only by the combination of the labour of both the persons. Everyday new MP and new L would be spent. It means that there is a 'division of labour' between the husband and the wife. It is such a division of labour wherein

outside work is meant for the husband and the housework is meant for the wife. Now we have to see 'who is in what state owing to this division of labour'.

The husband through his labour is getting the 'products of subsistence' for himself, for his wife and children. He is responsible for his own maintenance. In his capacity as a father, he is responsible for half of the 'maintenance of the children'. Only these two aspects constitute his responsibility. But the husband is bearing the maintenance of the wife as well as the half part, which the mother should bear with regard to the maintenance of the children. It means that out of the products, which he is securing through his labour, the husband is giving one half toward the responsibilities he himself has to fulfil and another half toward the responsibilities, which the wife has to fulfil.

Now if we examine the situation of the wife, she does all the household chores concerning her, her husband and children. She is responsible for that part of the work, which is meant for herself. In her capacity as a mother, she is also responsible for that part of the work, which is concerned with the childcare. Only these two aspects constitute her responsibilities. But the wife alone does the work concerned with the husband and also half of the work which the father has to perform with regard to childcare. That is, out of the household chores, which she performs, the wife does one half toward the responsibilities that she has to fulfil and another half toward the responsibilities that her husband has to fulfil.

(Here we are not mentioning the question of the old people in the family. The old people are the parents of the wife and husband. Since these old people had taken care of the children when they were performing labour, the children, after they become adults have to take care of the aged people with their labour. It is merely giving back to the parents what they had taken from them. There is nothing that is specially done to the old people. When we speak of the question of wife and husband it means that all the matters concerning the 'family' are included in it.)

The relation, wherein the husband gets the 'products of subsistence', and the wife does the household chores implies that the wife is utilising the labour of the husband and the husband is utilising the labour of the wife. Which means that, there exist 'labour relationships' even between

the wife and husband. However, those relations are not relations of exploitation of labour.

We have already seen that, in the relations of 'exploitation of labour' the master stands as a person providing 'employment' to the labourers and labourers as those working on the basis of 'wage'. Further, we need to recall another point, which we have seen earlier. In the relations of exploitation of labour, the master always extracts the labour of the labourers. Labourers don't take any labour from the master. But the labour relations of the wife and husband are not like that. Instead of the husband always taking the labour of the wife, both of them take each other's labour. Both of them depend on each other's labour.

If the wife depends on the husband for the 'articles of subsistence', the husband depends on the wife for the household chores.

Thus both depend on each other. But, what is 'primary' and what is 'secondary' in these 'dependencies'? That is, which aspect is dependent on which aspect? Are these two dependencies identical and equal? No. These two are not equal.

We will be able to understand what is primary and what is secondary only if we understand which aspect is dependent on which aspect in these labour relations.

In the first place, only if there are articles of subsistence, can the question of making them ready for use arises.

Only if there is a house, the question of cleaning it arises. Only when there is rice, the question of cooking it arises. Only if there are clothes, the question of washing them arises.

Thus, if the wife has to do 'household duties', first there should be articles of subsistence that the husband gets. These articles of subsistence themselves would constitute the means of production for the performance of labour which the wife does. If these are absent, it is not possible for the wife to do any labour.

If we examine the situation of the husband, the labour, which he does for earning the 'articles of subsistence', is performed at the 'workplace' of the master, [It is either the 'workplace' where commodities are produced or the work at the master's house]. That is, the labour of the

husband is performed on the 'means of production' of the master. But not on the 'household chores' which the wife does. It means that the household chores done by the wife would not be the 'means of production' for the husband's labour.

This does not mean that the household chores done by the wife are not useful to the husband. As the household duties of the wife are useful to the husband, the articles of subsistence that the husband brings are also useful to the wife. This is the context in which we examine the question as to which of these uses is primary and which is secondary.

If the wife has to do the household duties, there should be, to begin with articles of subsistence which the husband brings.

If the husband has to do labour for those articles of subsistence, there should be before hand the 'means of production' with the master.

(If this husband is supposed to be a productive labourer, the means of production which lie with the capitalist and on which the husband performs his labour in fact are not those of the capitalist. All those means belong to the productive labourers only. They are those that converted into 'C' from the 'surplus value' which the productive labourers had given in the past. We cannot see these details here).

Here, of the relations that exist between the three persons - namely, the wife who is confined only to the housework, the husband who does labour outside and the master of that husband. We are examining only those 'labour relations' that exist between the 'wife and husband'.

In the labour relationship of the wife and husband, the husband's labour is the first point. As that labour converts into money, it is possible to purchase the products of subsistence with that money. Only if that labour is performed, can the products of subsistence be secured. That is, the husband is in such a situation where he is earning his own products of subsistence.

The labour of the wife is the second point. The labour of the wife is performed only when there are articles of subsistence that the husband brings. The wife's labour doesn't convert into money. Therefore, the wife, unlike her husband, has no such condition wherein she earns her own articles of subsistence.

Which aspect of labour is depending on which aspect? It is 'wife doing labour' that is dependent on the husband doing labour. But the 'husband doing labour' is not dependent on the wife doing labour.

Though both depend on each other, of these dependencies, the main point is that the wife alone is dependent on the husband for her maintenance. The fact that the husband is dependent on the wife for 'household chores' is a secondary point.

These two points are not the same. The second aspect occurs only due to the first aspect. But it is not that the first one is occurring due to the second one.

The disparity between the situations of wife and husband is nothing but the disparity between the conditions in which labour converts into money and in which it does not convert so.

If we assume that the value of the mass of the commodities produced on a single day in the society as a whole is '1 crore rupees' not even a single paisa of it would be related to the 'household duties'. We have already seen that there won't be any part of the 'unproductive labour' also in that amount. But even though the unproductive labour does not convert into value, the persons doing that labour would get wages in the form of money only. It doesn't so happen in the case of housework.

Therefore, between the husband and wife, the condition of the husband doing the 'outside labour' is independent. The condition of wife doing the 'housework' is dependent.

It means, the primary cause of the 'dependency' of woman is that she is confined to 'housework' only. There will be many secondary causes, which emerge out of this primary cause. That is a different question.

Usually a major mistake is committed while understanding the labour relationships of husband and wife. That mistaken argument will be like this: "It is true that there should be articles of subsistence if the labour of the wife is to be performed. But, if the labour of the husband is to be performed, the wife should perform beforehand all the `household chores' for the formation of `labour power' of the husband. The husband will not acquire the labour power without the labour of the wife. Therefore, the labour of the wife alone is primary thing. Labour of the husband is secondary". This is how the argument goes on.

If we argue thus: 'If the husband has to acquire 'labour power' the labour of the wife should be there beforehand', this argument will not stop there. Then a question arises: "Are the articles of subsistence brought by the husband not obligatory beforehand for the wife to acquire 'labour power' in order to do whatever work she has to do?" Then, this line of argument goes back and forth as follows:

Wife's labour should be there prior to the husband's labour.

Husband's labour should be there even prior to the wife's labour.

Wife's labour should be there even more prior to the husband's labour.

In this manner, we have to go back and further back. However back we may go, we cannot locate the beginning. Even if we go to the unmarried stage of the wife and the husband, the situation will not change. It becomes evident that while the wife received all the articles of subsistence before her marriage through her father (through a 'man'), the husband received all the household services before his marriage through his mother (through a 'woman'). Which means, the same situation existed between man and woman even there! If we proceed according to the argument that, "If the man has to acquire labour power, woman's labour should be there beforehand", a question will go on appearing thus: "Should not the labour of man be there beforehand if woman has to acquire labour power to do the labour?" In this kind of an argument, the 'beginning' can never be located. It will never be possible to understand as to which labour is primary and which labour is secondary, and which labour is dependent on which labour. It follows that this argument itself is wrong!

Whether the person doing labour is a man or a woman, whether that labour is housework or outside work, the actual requirements for the performance of labour are merely the means of production and the people who do labour. That's all. The question as to how those labouring people acquired the labour power is not relevant.

If the labour of the wife is to be performed at home, the articles of subsistence that the husband gets should already be there. If the labour of the husband is to be performed outside, it has nothing to do with the labour of the wife. The 'means' which the master provides outside should be ready.

When we consider husband and wife alone, the labour of the husband is the primary aspect within their labour relationships. As the husband gets the articles of subsistence, the husband acquires the power as the 'house-holder'. The wife would be in a subservient position in relation to that power.

But the relationship, which results due to this 'question of maintenance', is not the relation of exploitation of labour. Neither the wife constitutes a class performing labour, nor the husband a class, which exploits that labour. Thus, the husband and wife are not the master and the servant who stand in the relationships of 'exploitation of labour'.

Though the relationship of husband and wife is not directly the relationship of exploitation of labour, this relation is also a relationship of the master and the servant that prevails in the family domain.

The labour relationship of husband and wife is the relationship between the housework and outside work necessary for the family. That family is a family with an 'unequal division of labour'. That division of labour is one that has been formed on the basis of the exploitative relations of production. Thus, the exploitation of labour that prevails in the society stands as the prime cause for the unequal situations of man and woman.

Since 'man' in the 'unequal division of labour' is himself the householder, man himself is the master of the family (though this masterhood is not the one which extracts 'surplus value') and the woman is a servant who is subservient to that master (though the servanthood is not the one which loses the surplus labour). Thus, the husband and the wife would become 'master and servant in the family domain due to the unequal division of labour'.

Then, what is the solution to this? For this, the capitalist intellectuals have already discovered some ways out. They are: As the labour of the husband is converting into money so also the labour of the wife too should convert into money. The way out for this is paying 'wage' to the wife either by the husband or by the government itself! Let us now see how proper these solutions are.

***Husband paying wage to the wife*:** Husband has no need to pay the wage like this. This is so because, the husband is not taking the 'household chores' from the wife free. He is giving the articles of subsistence to her

in return for it. Therefore, the husband has no responsibility of paying the wage to the wife.

In case, for the sake of example, the husband is obliged to pay 'money' to the wife for the 'household chores' which he takes from her, then the wife too is obliged to pay 'money' to the husband for the 'articles of subsistence' which she takes from him. It means that the husband and wife should be like buyers and sellers to each other.

The husband has to sell half of the articles of subsistence to the wife and purchase half of the household chores from her. Similarly, the wife too has to sell half the 'household chores', which she does to the husband, and purchase half the articles of subsistence which the husband secures. Okay, let us continue this line of argument.

If the wife has to begin her work, it is simply not possible for her even to begin the work unless she purchases half of the articles of subsistence from the husband. It means that the wife herself has to pay money first. But, where is the money for her? Whatever she has to purchase from the husband, she has to purchase on 'credit' basis. Which means, to begin with, the wife has to take a loan, and only then has to begin the work. When one day is completed, the husband has to pay money to the wife for half the portion of the 'household chores'. But by that time, the wife is already indebted to the husband. It follows that both the husband and wife have to settle the accounts in the pleasant night. When the debit account and credit account are compared each will cancel the other. There is no scope for the wife to get 'real money' into her hands. She will not have the chance of even setting her eyes on the money due to her.

Thus, everyday the wife will first borrow the loan and then clear that debt. Everyday the wife invariably will be in this situation. The husband would never be in such a situation. He will always stand only as a lender and not as a borrower in relation to his wife.

Will this accounting solve the problem of the wife? It won't. Even now the old conditions stand unperturbed. Even now, the outside work is meant for the husband and housework for the wife! Which means, they will be in the same situation even now as they were at the time when they didn't do any accounting. But now it appears in the account as though the wife is getting money. Yet, the husband will still be in a dominating position. The reason for this is obvious. It is because the husband gets

money for his labour from outside without any connection with the wife. Thus the condition will not change even if the sales, purchases and money calculations enter into the relationship of husband and wife.

In a sense, this relationship now sinks into a more degraded state than earlier. If we see the situation of the wife, she becomes a cook and a servant who works for money and a prostitute who sells her body for money. Though the husband is also similar to the wife in another sense, he stands in a dominant position in every 'bargain'! When both have become buyers and sellers to each other, it would not be a cohabitation (living together) and familial relationship.

Now let us see another way out, namely, the government itself should pay the wage to housewives.

Why does anybody get something called 'wage'? How will it come? When one approaches a master and does some work, then one would get a portion of that labour itself as wage. If we say that government itself should pay the wage to the housewife, is she giving her labour to the government? How can the government pay a housewife who doesn't work in any of the governmental institutions? Why should it pay at all?

If the government has to pay the wage to the housewife, for the sake of argument, from where should the government get funds for it? Where should it collect the money needed? It should be collected from her husband. Which means, the government should take it from the husband and pay the same to his wife! This means, husband himself pays the wage to the wife. Why will the husband agree to this? Why will he entrust his money to the government? Let us keep these questions aside.

To make our example easier, let us consider the husband as a person who too performs manual labour outside, since all the household chores constitute manual labour only. This means, in this example, both the husband and the wife belong to the category of manual labourers. Let us suppose that the wage of the husband is 10 per day and the wage of the wife too is 10 per day. Since we should not assume the wage of the wife is less than the wage of the husband, we have assumed the wages of the two are equal. But if the husband pays 10 out of his wage of 10 to the government toward the wage of the wife, how would he take the articles of subsistence to the house? None of the intellectuals, who say that wage

should be paid to the wife, has explained as to how the husband has to perform this circus feat.

Or, if the working hours of wife at home are more than the working hours of the husband outside, the wage of the wife should be higher than the wage of the husband. Then, even circus feats will not be of any use.

Or should we assume that the value of the entire household duties done by the wife is very low; that the husband can easily pay it out of his wage, that there remains a large amount of the wage with the husband even after paying to the wife; and that he could easily buy all the articles of subsistence with whatever remains in his wage? Unless we assume the wife's wage as very low, how can the husband pay that wage out of his wage? Or, if both their 'wages' are equal how should the husband pay the wage of the wife?

If the husband has to pay the wage to the wife, it is possible to an extent in one way. This is how it is possible: both the husband and the wife should equally spend on all the articles of subsistence required for the house. Further, the husband should also do half of the household duties, shouldn't he? Not doing so what he would say is this: "I have to do half of the household duties, haven't I? But I won't do it. I will pay wage for that. You do my portion of the work also!" This is how the husband will be able to pay that money to the wife: As he spends on only half of the articles of subsistence, the money will thus remain with him. With that money, he would be able to pay his wife. But, the wife has to pay back that money towards the half portion of the articles of subsistence. That is, the essence is, it will be possible for the wife to receive some `money as wages' from the husband only in such a way whereby both of them bear the expenditure of the articles of subsistence equally and the husband remains without doing any housework.

Whether it is the husband or the government, which pays wage to the housewife, it basically means asking the housewife to remain as housewife only! It is just saying "Housewife! You confine yourself to the household duties only! Well, any way women have nothing to do with the outside world and the men will look after all those things"! That is, housework is always for women and outside work is always for men! This means this great argument of "wage for housework" keeps the old division of labour as in the past and preserves male domination as unshaken as ever.

Women who are denied conditions that make them equal to men and who are restricted exclusively to household duties may have to be called 'domestic slaves' or 'domestic servants'.

Then, what is the correct solution to this problem? Well, establishment of conditions of equality between husband and wife. It means that the question of 'maintenance of the wife' and the question of 'household duties of the husband' as well should change. This means, the existing division of labour should change.

The wife ought to do outside labour also in the same manner as the husband is doing outside labour. Then the labour of the wife will convert into money, as the labour of the husband does. Due to that, there arises a condition of independence whereby the woman too, like the man will 'earn her own products of maintenance'. The condition of dependence wherein the wife depends on the husband for maintenance will vanish. The wife's money will also be spent on the maintenance of the family.

Next, regarding the 'household duties', the husband also should do the household duties in the same manner as the wife is doing them. Then the dependency of the husband on the wife for household duties will disappear. The husband's work will also be for the family only.

Both will do outside work.

Both will do house work.

The labour of both persons will convert into value due to the outside work.

The labour of both persons will not convert into value due to the housework.

Both of them, in their capacity as parents, will maintain the children with equal responsibility. They will also do the work connected with the children with equal responsibility.

Then, the dependency of the wife on the husband for 'maintenance' or dependence of the husband on the wife for 'household duties' would not be there. Neither of them would depend on the other.

But, both would 'cohabit' (live together) as husband and wife and as parents to the children. It is the unity of man and woman who are free.

Thus, both become equals only through the 'equalisation' of their conditions of labour.

If we want to see this in the form of MP+L, both persons would provide MP required for the family. Both would do L. Both enter into the 'equal division of labour'.

Then, dependencies on each other will not be there. Therefore, there will not be any scope for differences such as which is primary and which is secondary regarding any matter. There won't be any scope for that question at all.

1) Women who do labour at home and outside as well

Now let us see another situation among women. What is the position of the women who also do the entire housework while doing the outside work?

Among sections which perform 'manual labour' not only men but women too will be doing the outside productive and unproductive labours.

Even among the sections which perform 'mental labour', some women do outside labour (jobs).

If women perform outside labour, whatever applies to men concerning outside labour would also exactly apply to women.

The women doing outside labour is a labourer of the master (either as a productive labourer or as an unproductive labourer). In return for that labour, she gets 'money' (wage). With that 'money' she would be able to purchase her own 'articles of subsistence'. She would be able to fulfil her responsibility with regard to the maintenance of children. The relationship between this labourer and the master who provided her work is not one that of 'familial relationship'. It is the relation of the 'exploitation of labour'.

Even if a woman does not work for a master outside, but if she is producing 'commodities' as an independent labourer, that labour converts into 'money'. Therefore, it amounts to the fact that she is doing 'outside labour'.

The woman doing the outside labour too will have the responsibility of doing half of the 'household duties'. Then the second half of the work will be the responsibility of the husband. But, neither the husband nor the

wife has the right to evade housework wholly, on the ground that they are doing outside work.

The performance of outside labour by women belonging to the section of 'manual labours' has been there since the earliest times. But, the major portion of that outside labour was concerned with the families of the masters.

The entry of women belonging to the sections of 'mental labour' into outside labour has started gradually only under capitalism.

Even today, we do not find men doing household chores in any family whereas women are doing outside labour. The fact that women are doing entire household chores as their own responsibility in addition to the outside labour implies that such women are doing two types of labour fully and also do double the labour than what their husbands do. Though these women are suffering from the hardship of 'doing double labour', their performance of outside labour implies that these women have begun the journey along the path of emancipation from domestic confinement. This represents a very progressive aspect of the life of these women. The authority of the husband over the woman who has the opportunity of securing herself the maintenance of herself and of her children would necessarily get reduced to some level or the other (even if it is only to a certain extent).

However, the authority of the husband would also continue at a certain level even over that woman. The reason for the authority not disappearing is that a change, namely, entry of the husband into the housework, has not yet taken place. That is, though the change in the 'old division of labour' has begun, yet it is not in a proper manner.

The proper manner means both should do outside work to secure Means of Production (MP) and similarly both should do Labour (L) necessary at home. Because of this, half the burden of the housework decreases and the wife would be able to spend time for outside work. Those two kinds of duties together constitute a full-time work for the wife. Similarly half the burden of the outside work decreases and thereby the husband too would be able to spend time for the housework. These two kinds of duties together constitute a full-time work for the husband also. If changes take place in this manner, the old division of labour would change without an increase in the labour time for anybody.

When the wife alone goes for the outside work without any change occurring on the husband's side, the work time of the wife will become double. Though she gets the benefit of getting a wage due to the outside work, the authority of the husband over her would still continue at some level since the entire housework still continues to be her own responsibility.

When we speak of changing the division of labour, that change should occur not simply from the side of the wife but also from the side of the husband.

It means that if the division of labour in the house is to change, the division of labour outside should also change! That is, there is a necessary connection between the two!

In society, the same process that can bring about equality in the outside - labour relationships can alone bring about equality between man and woman in the families too. When we speak of 'equality in the outside labour relationships', the foremost change that should occur is the elimination of the distinction called 'masters and labourers'. The way for such elimination is simply that the class of masters who are consuming the surplus value of the labourers without doing labour should get down to the labour. If everybody enters into labour, the distinction of masters and labourers will begin to fade out.

When we speak of "all people doing labour" many details are to be understood. In the case of household chores, there will not be any distinctions such as manual labour and mental labour. All kinds of household chores are manual labour. However, there are such distinctions as skilled labour and unskilled labour among them.

But, when we speak of outside labour, all of it is not manual labour. There would also be mental labour. In both these types there would be such distinctions as skilled and unskilled.

Take any two persons. If their living conditions are to be equal, their incomes should be equal. For their incomes to be equal, the labour that they do should be equal.

What does 'labour' being 'equal' mean? If the distinction between manual labour and mental labour is inevitable, how is it possible for the kinds of labour, done by any two persons to be equal?

If you ask how, we will here come to the solution by changing the old division of labour into a new division of labour. 'Old division of labour' means, one person always doing only one labour. It might be either mental labour or manual labour. But the 'new division of labour' means, one person doing both manual labour and mental labour interchangeably instead of doing only one type of labour.

The foremost change, which should take place, is that all those living on exploitation without doing any labour (all men and women of exploiting families) should do some labour or the other. And then, a beginning should be made whereby all those who have always been doing mental labour would do manual labour also; and all those who have always been doing manual labour would do mental labour too. This is the second change. If these changes take place the 'old division of labour' will completely vanish.

These changes also apply to the 'labour relationships' of man and woman. The first change that should occur is: outside work too for the women who are confined only to housework; and similarly, 'housework' too for the men who are limited to the outside work.

When we speak of outside work for women, it does not mean that again certain kinds of work are assigned there to women alone. For example: Let us suppose that we should run a canteen-like dining hall in a factory. It is not the housework of a family. That is "outside work" only. It only means that some portion of the 'cooking work' that is done in several houses has been shifted outside the house. People would get wages for doing that work. This means, that work converts into 'value' (into money). Let us, however, suppose that only women do all the duties in such outside dining halls. Let us also suppose that there will be no men in those duties. What does it mean? It means that the work 'cookery', whether it takes place at house or outside, is still, the job of women! Until such distinction as 'women's work or men's work' is eliminated, it amounts to the fact that the character of the old division of labour has not changed.

Similarly, let us suppose that women alone do all the work in the children's nurseries outside and that men won't do. Though a certain portion of 'child care' has been shifted outside from the houses, that work is again like the female work even out side! Therefore, changing of the

old division of labour between man and woman does not simply mean shifting of certain portions of the household chores outside and paying wages for them. Both man and woman should equally do all those duties, which have been shifted outside.

Both man and woman should do any type of work that takes place outside.

Even after certain portions of the household duties have shifted outside, there still remain certain portions at home. It will never be possible to shift the entire housework outside. Which means, some portion of the 'housework' will always remain in the house. All such work that remains in the house must be done not only by women but also by men.

That is, changes such as the following should occur: Not only women but men too should perform that work which was hitherto considered as 'female tasks' in the society. Similarly, not only men but also women should perform those tasks, which were hitherto considered as male tasks. Such distinctions as 'male tasks' and 'female tasks' should vanish.

Men and women should have equal responsibilities and equal rights. Only if it so happens it would amount to the fact that the division of labour has changed and acquired new character. Thenceforth it will not be a 'division of labour between men and women'. It becomes a division of labour concerning all human beings!

If we see the question of division of labour between man and woman in isolation, we will find all the changes in it are linked with the social division of labour as a whole. That is, the 'inequality between men and women is a problem that arises out of the inequality in the 'labour relationships' between men and women. That inequality in the 'labour relationships' is a problem that emerges due to the inequality in the labour relationships concerning the whole society. Which means, it is a problem that arises out of the 'exploitation of labour'. Therefore, to understand or resolve any inequality between man and woman, we should be concerned with the question of 'labour relations'. The investigation should touch upon that problem.

Unless the fact, that there exist labour relationships even between men and women is understood, we will not find a solution to any inequality between men and women. Superficial changes and tips will shake no inequality.

2) Is 'housework' a part of 'social labour' or not?

If we understand by social labour that labour which is required for the society, then housework will also be a part of social labour. Or, if we interpret social labour as that labour which converts into value, then housework will not become a part of social labour.

Such forms of work as cookery, house cleaning, childcare are natural labour which the society always needs. The society can never dispense with these labours. What should happen is that simply a part of this labour has to be shifted outside from the houses? That is, if a certain part of the total 'cooking work' is done at homes, certain portion may be carried on at common kitchens and in canteens at work places. This only means dividing the place where cooking is done but not dispensing with the work itself. The total cooking work that is necessary for the whole society would be done somewhere or the other in the whole society.

It is the same with regard to other labour concerning the family. Those kinds of labour too will be divided but will never be dispensed with.

If we take either one day or one year and see the total labour performed during this period, all kinds of labour performed at the houses will add to that total. But, if we see what is the total value produced during this period, then no labour done at the houses would add to that total.

Does it, however, mean that all the labour that does not convert into 'value' is going waste? No. It means that it is being spent as 'use value'. That is, if we see from the perspective of the 'use value', all the household chores are also, part of social labour. If we see from the perspective of 'value', none of those chores is part of social labour.

Under capitalism, only that labour which converts into value is social labour. That is, 'productive labour' alone is 'social labour'.

The unproductive labour does not produce any value. But as it also converts into money, to an ordinary viewer who sees things superficially, unproductive labour also appears as labour that produces 'value' (as if it is also productive labour), that is, it appears as if there is no difference between the kinds of labour in producing value.

Amidst this confusion, it becomes more difficult to understand 'family labour'.

Hence, the distinctions between the productive, unproductive, Independent and family labour should be understood properly.

Productive Labour: It produces 'value'. It converts into 'money'. A portion of that 'money' goes to the person who performed the labour and the remaining portion to the master.

Unproductive Labour: It does not produce 'value'. It would not convert into 'money'. But the person who performed that labour gets his 'wage' in the form of money.

Independent Labour: It produces 'value'. It converts into 'money'. The person who performs that labour alone receives that money. Here, the productive and unproductive distinction does not apply.

Family Labour: It doesn't produce 'value'. It doesn't convert into 'money'. The person doing this labour would not get money. This labour gives only 'use value'.

We can understand the relationship between human beings only if we see the relationship in which the labour exists and not by seeing 'labour' in isolation.

It means that all men and women who work outside are doing 'social labour' and could earn the articles of maintenance on their own.

It means that the women confined exclusively to the 'family labour' are not doing 'social labour' and could not earn the articles of subsistence on their own.

If we understand these things properly, we can understand such questions as to what is the role of 'family labour' in society and what is the situation of women who are confined exclusively to that labour alone. When the existing problem is understood properly, a correct way to resolve it will also be found.

The only solution for equality of men and women is that men and women should do labour in the house as well as outside with equal rights and responsibilities.

However, this change depends upon the change in the exploitative

relations of production concerning the whole society; and the 'change in the exploitative division of labour' that exists in those production relations. The same struggle, which takes place for equality in the production relations, will lead to the struggle for equality in the familial relationships and to the struggle on many such other issues.

3) What is the class of women?

What will be the answer to the question "to which class do men belong?" We should know whether those men are doing 'labour' or not. If they do labour they are the class of labourers. If they are not doing labour they are exploiting class. The class is determined only by 'labour'. Which means, all men do not constitute the same class.

The same is the case with women also. If some one asks 'to which class do women belong?', we cannot answer it. We should know whether those women are doing labour or not. All the women do not constitute the same class. The class is determined by the relation to labour. But not according to whether they are men or women.

Every aspect that applies to men 'who do labour' also applies to women who do labour. Similarly, all the aspects that apply to men who don't do labour also apply to women who don't do labour.

Women who do 'labour', either in governmental institutions or private institutions or at the houses of government officials or at the houses of the private capitalists or any other place and earn 'wage' will, like men of the same type, become either 'productive labourers' or 'unproductive labourers'. That means, they would belong to the 'class of labourers'.

Women who produce and sell the products independently will become 'independent producers'.

Women who don't do any labour like men of the same type would belong to the 'exploiting class'. Most of these women don't even do 'family labour'. The unproductive labourers alone will do all kinds of labours for them.

Some of the women belonging to the 'exploiting class' also do outside jobs. Those jobs are invariably connected with 'mental labour'.

Women who don't do outside labour and who are confined only to

'household labour' belong to the classes of those individuals from whom they receive the articles of subsistence.

If the husband of a woman who is confined only to 'household labour' is a labourer, that woman also belongs to the "Class of labourers". Or, if the husband of that woman is an exploiter who earns interests or profits, then that woman also belongs to the 'exploiting class'.

The answer to the question, 'to which class and which section of the class does a person belong' depends on such things as these: whether the person - man or woman - is doing 'outside labour' or not? In case that person is not doing outside labour, what sort of income is it by means of which he or she subsists?

Regarding the children, the class of parents itself is the class of the children.

In the class of labourers children belonging to the sections of 'physical labour' start doing labour right from their childhood. These children belong to the 'class of labourers' not only through their parents but also through their own labour.

The children belonging to the sections of the 'mental labour' don't do any labour during their childhood.

Children, in the exploiting class don't do any labourers not only in childhood but also in the adulthood. These children of today are exploiters of tomorrow.

We have to know in a somewhat detailed manner about the women of the 'exploiting class'. In this class, women belonging to families with relatively less income perform some household chores. They get certain chores done by servants. Women in families with high income get all the household chores including child-care done by domestic servants.

As all the families in this class don't stand at the same level, the women of those families too will not be in the same position. If we see the exploiting class in general disregarding their internal distinctions, the question of women doing jobs will not arise where even men don't do jobs. But, some of the women of this class act as 'directors' of the enterprises of their husbands (husbands place them so). The properties belong to the husbands! Wives are also directors in those enterprises along

with their husbands! The female directors too 'work' as "hard" as the male directors do!

Just as men of this class do the women of this class too while away time in pomp and luxuries. Embellishing themselves with costly dresses and jewellery, indulging in feasts, fun and frolic constitute their daily routine.

While the labouring women are exhausted with several hours of labour everyday in the enterprises run by the fathers and husbands of these women without having any leisure and liberty even to breast-feed the children, these capitalist women entrust all the responsibilities of childcare to the servants, 'toil' for hours and hours sitting in front of the dressing-table for dressing their hair, colouring their lips, trimming the eyebrows, selecting the dresses and wearing them. At times when they can't withstand even that strain, they visit the beauty centres in cars, and get their hair combed, eyebrows trimmed and get decorated by paying very high charges. The car drivers have to linger out somewhere till all these decorations are completed! Later, if they go to the clubs the car drivers again have to linger out there! What the car drivers do is not simply driving the car but they also do the job of satisfying the egotism of the masters.

These capitalist women are 'equals' of the men in all sorts of luxuries such as card-playing, movies, smoking, boozing, horse races etc.

Women who hold capitalist ideas who lead the capitalist life style and who live on the income of capitalist exploitation are the capitalist or bourgeois women. When these bourgeois women get bored of all common fun-making, they resort to 'social service' for a little 'change' just as their men resort to the "service to art". That too, more specifically, into the 'service of the destitute women'! While the fathers and the husbands of these women constantly create destitutes in the entire society, these women get their 'make-up' done at beauty centres, enter into the service of the 'destitutes' and advise all women to become knowledgeable first. Later they advice women to make their children knowledgeable. Destitute women who are unable to understand what they are expected to become and what they are asked to do, turn blank faces as if they are listening to a speech in an alien language. After that scene is completed, they start narrating their hardships. A poor woman tells that she has no work, that

she has no hut to take shelter, that all the children are ailing with diseases and have no medicines, that her husband who used to earn little died as his legs were cut off in the mill, that the owner of the mill did not pay them anything, that the owner of the hut drove them out as the rent wasn't paid; that children are starving and starving, that they should be generous in showing some way out and so on and so forth while crying and saluting. All the remaining women narrate their own story. All the narrations are of the same pattern. Men would die, or they would vegetate with their mutilated limbs. The creditors would foray upon the huts. They would take away whatever little they find : small goblets and water pots. Children fall sick. There will be no food, no clothing and no shelter. They lack something or the other. Except the word 'no' and 'no' and 'no', there won't be any other word.

These bourgeois women would not have expected to hear 'all this rubbish' at the time of their entry into this 'game of serving the destitutes!' Something happens to their 'delicate' hearts after listening for a while to those lamentations and wails. They knavishly try to brush aside all those matters by saying: "Okay dames! That's all right! You may represent all those things to the government. The government would surely do something or the other for you."

"We don't know where that government is. Can't you represent all this to the government on our behalf?... Take us to the government, we ourselves will request the government"

"No! We have not come here for that. We came to teach you. A human being should first be a knowledgeable person. Only when woman becomes knowledgeable, would the children become knowledgeable too. Now we will be giving you slates and books. Daily a teacher will come and..."

"Why do we need them?" Give us that money, we will buy jowar".

The enlightners don't pay heed to that word. They get the piles of slates out of the cars quickly, distribute them to all and go away saying, 'We will be back tomorrow'! All those slates convert into jowar and the destitute families maintain themselves for that one-day.

Next day, by the time the social servants arrive by cars, there are no signs of the destitutes becoming knowledgeable. The fruits of that service

should appear by the same evening or next evening to the social servants who entered into this amusement after becoming bored of all other amusements! At most they can wait for three days. But this service to the destitutes will become an interminable matter that does not come to an end point, even after a week. Even after ten days those destitute women would not announce: "Madam, It is just because of you we all have become knowledgeable! You have rescued us from the murk of ignorance. We would have remained in ignorance throughout our lives if you hadn't come. From today, we will serve the country!"

The fun making of bourgeois women shifts very quickly. After a couple of weeks those women get fed up with the nuisance of these services and elude without going to those surroundings saying: 'no use, we can't change these stupids' or saying that 'the doctor has advised rest'. All the social services of the bourgeois women concludes thus.

Actually who is a 'destitute'? The real destitute in society is that person who does not have any 'labour power' to maintain herself. Viewed in this sense, the capitalist men and women are the real destitutes! All those women, whom the rich women consider destitutes, possess the ability and the capacity to do some work or the other. The rich women who lack any labour power don't understand that they are more of a destitute. They don't have an equal role on par with men even in the work of exploitation. Plunged in the intoxication of riches that their fathers and husbands procure through plunder, they lead slothful and luxurious lives, without any self-respect; and in this aspect they are in no way inferior to their men.

Therefore, all women are not of the same class.

All interests of women are not of the same type.

8. Some specific examples

The same kind of labour may be 'productive' at one place, unproductive at another place and an Independent labour at a third place.

In different examples concerning this aspect, we have to discuss some specific issues concerning the labours of doctors, bus drivers, bank employees, writers, actors and prostitutes. By examining these issues, we will be able to understand almost all situations that we come across in our daily life.

1) Labour of the Bus driver

A labourer is working under a transport capitalist as a bus driver. This bus transports people from one place to another. (The passengers pay money for the commodity called 'transport facility'. This is a simple exchange).

A bus is going from one place to another. There are 50 seats in that bus. The price of each ticket is Rs.40. The sum total collected in that travel in one trip is 50×40=2,000. Let us suppose that, of this amount, the expenditure on constant capital involving depreciation of the bus, diesel oil, depreciation of bus station, depreciation of road etc., amount to 500. After deducting 500 from 2000, 1500 remains. This belongs to the labour of the labourers who performed the 'production activity' called 'driving the bus'. It is the labour of drivers who drove the bus, cleaners who cleaned it whenever necessary, mechanics and other labourers. If we suppose that there are two drivers, two mechanics and two cleaners, then that 1500 should go to those labourers only. Let us suppose that the travel took 6 hours. Let us also suppose that the bus-capitalist gave those 6 workers 200 for doing 6 hours duty. The balance is 1300.

This 1300 is the 'surplus value' obtained from the productive labourers.

But, the Bus-capitalist will incur some 'unproductive expenses' as well. For example, labour of selling tickets is unproductive labour. 'Sale of tickets' is not a 'natural need' for the bus-travel. Bus-travel will go on even if there is no sale of ticket. The bus won't stop moving if there is no sale of tickets just as it stops when there is no labour of driving or oil in the bus. We have already seen that all the expenses which are not 'natural' needs are 'unproductive expenses. Therefore, such expenses as ticket books, wage of the conductor who sells the tickets are unproductive expenses. These expenses do not add to the 'total labour' necessary for that travel. But, the bus-capitalist should also spend on these unproductive items. Let us suppose that these expenses are 100. The capitalist has to spend this 100 from the 'surplus value' of 1300. Still a surplus value of 1200 remains. (The bus-capitalist would distribute this further into some portions. It happens subsequently).

Productive labourers include Bus driver, cleaner and such others. Conductor is an unproductive labourer.

If the surplus labour of the productive labourer converts into 'surplus value' (money), surplus labour of unproductive workers does not convert so.

The Bus-capitalist does not do any labour connected with this 'bus-travel'. That fellow does not even stay in the surroundings of the bus. He will be relaxing either at home or somewhere else. The fact that the capitalist, who does not do any labour, gets 1200 per trip, will not cause any surprise. Moreover, the argument that whatever the capitalist gets ought to go to the labourers will cause surprise.

If the argument, in this example, that "the 6 productive workers who worked for 6 hours each should get all that money" causes so much surprise, how much surprise should the fact that 'the whole money is going to only one person (Bus-capitalist) who does not do labour even for a single minute for that bus-travel' cause? But, it does not cause any surprise. However high a 'profit' the capitalist may get from each trip, that fact appears so natural that it does not at all surprise either the workers or the capitalist. Workers keep believing that the Master does not and need not do any labour and he has the right to get profit even if he does not do any labour. There won't be questions on beliefs to which they are accustomed. They become like 'established truths'.

If this capitalist has 4 buses, he would get 4 profits from 4 buses on a single day! If he has 10 buses, 10 profits on the same day! All those profits appear to be the 'right' of the capitalist. When 'truth' is not known, falsehood itself glitters like truth.

Another example: 3 labourers worked for 24 hours to bore the earth for water. The capitalist who took that bore-well work on contract charged 7 thousands. He spent 5 thousands on the rig, engine, oil etc. Let us suppose that he paid 300 each to those three labourers from the balance amount of 2 thousands. The remaining 1700 go to the contractor. A person who does not do any work gets 1700 in 24 hours!

Suppose the capitalist gets one thousand on each 'bore-well' contract, he would get 4 thousands in one day if he gets the work at 4 different places in a day. But those workers who drill bore-wells daily at some place or the other would become deaf due to the noise of the drilling machine that damages the ears. The capitalist, who does not come even near the machine, will never face such a situation.

2) Labour of a doctor

If a doctor does the work of 'medical/health care' without the assistance of another person, he is an 'Independent producer'.

If the same doctor works in a hospital, which a capitalist runs, he is a 'productive labourer'.

If the same doctor works in a state-run public (free) hospital, then he is an unproductive labourer.

If the same doctor engages some other labourers also and run his 'own hospital', then he is a small-scale 'capitalist doctor' (petty bourgeois doctor).

If that doctor stops doing labour completely and runs a hospital by engaging other doctors, then that doctor is a big capitalist. (How big?—is not a relevant question. He is a petty bourgeois when he too performs labour. He is a big bourgeois when he completely stops doing labour).

As the 'labour of medical care' possesses higher value in the society, even the petty bourgeois doctor too earns much more than the petty bourgeois in other professions. The petty bourgeois doctor exists both as a productive labourer and a capitalist. Nurses, compounders, auxiliary nurses...all those who work in the hospital are productive labourers. Gatekeepers, employees who prepare bills, auditors etc., working in the hospitals, like the employees in other productive institutions, are unproductive labourers.

All the productive labourers produce a commodity called 'medical care'. The public (capitalists, productive labourers, unproductive labourers and independent producers in the society) buy that commodity and pay its 'value'. It means that the patient who buys the medical facility pays money equivalent to the value embodied in the commodity. This is the general law. Around a general law, there will be many specific situations and specific occasions. There will be many aspects such as specific frauds, specific business tactics, specific exceptions and limitations. We have to understand them based on the general law.

The exchange that takes place between what the patient pays and the medical facility is a 'simple commodity' (It is like buying a 'commodity').

All the materials used in this medical activity, namely, medicines, cotton, basins, beds, stretchers, surgical instruments, buildings etc., are 'means of production' (constant capital). All the wages including those of the doctor constitute 'variable capital'. If we deduct these constant and variable expenses from the amount collected from the patients, a 'surplus value' remains. It means that all the productive labourers of the hospital produced it. If we divide that 'surplus value' in proportion to all the wages, the doctor too would get one share. The remaining portions go to others. All the expenses connected with the unproductive labourers and unproductive means will be paid from the 'surplus value' only.

Let us suppose that a doctor, who runs his own hospital, is a very generous person. He charges a very small fee from the poor. He takes a fee of 4 only in the place of the normal fee of 10 for the medical care that he gives. It amounts to such a doctor is giving up a large part of the 'surplus value', which he has to get from his hospital in the form of 'medical care' for the poor.

3) Labour of the writers

A capitalist is running a magazine. Magazine is a 'commodity'. The public buys that magazine and pays its value. The exchange that takes place between the magazine and the money that the buyer pays is 'simple exchange'. The journalists (including the editor) working in this magazine office and outside writers who regularly contribute to certain columns perform mental labour while all those who participate in the printing work perform manual labour necessary for the production of that commodity.

If those writers who do not work as wage labourers in the magazine office send their contributions and take money, such exchanges too will be simple exchanges. Writers who are not wage labourers are Independent producers. If a writer who is an Independent producer gives his writing to the owner of a magazine and takes money, it means he is selling his commodity and taking its value. Let us suppose that the magazine owner paid money to that Independent writer as per the market value. then the expenditure that the magazine owner spent on that writing comes under 'constant capital'.

Let us suppose that an Independent writer prepares an article for the magazine of a capitalist following the techniques wanted by the editor,

and takes huge amount of money. Let us also suppose that the magazine is sold in large numbers due to his writing. Owing to this, the capitalist gets huge profits. Who are responsible for these profits? Who produced these profits? Is it that writer?——No.

Just as every commodity has a use-value and value, a magazine too will have use-value and value. That writer (other writers as well) is responsible for the use-value of the magazine but he is not responsible for its value.

Many people might have bought the magazine 'such and such a writer' is writing in this magazine'. There is no connection between the views of the buyer of a commodity and its value. The buyer of a 'toy' may buy it with an intention 'to give it as a gift'. He may buy it with the view that 'it would be great if he has that article in his house'. He may buy a book thinking that 'humour in this book is good'. He may buy it with a view that 'this writer writes well'. He may buy a fruit because 'it is good for health if we eat these fruits'. He may buy an article with a lot of liking or even with dislike. He may buy it due to the fraud of the seller. He may buy a commodity due to many kinds of reasons. Here, it is irrelevant how one has purchased. The view with which a person buys a commodity is not concerned with the 'use-value'. Taking a commodity and paying its value is connected with the value. As the buyer takes a commodity made of some labour, he gives money in return for that. Whatever be his reason for buying it.

The law of surplus value remains the same both when a magazine is sold in large numbers or small numbers. Whether a magazine is sold in large number or small number, each copy of that magazine is made of certain amount of labour. As surplus value comes from each commodity, more surplus value comes when more commodities are sold. The surplus value comes from 2 thousand copies would be double than that which comes from one thousand copies. This double surplus value does not come without any connection with the 'labour'. Labour consumed in the production of 2 thousand copies would be double than that of 1 thousand copies. If the number of copies increases, the labour to be spent for that also increases. More surplus value comes since production is carried out with more labour. The productive labourers that produce the magazine are responsible for the more surplus value obtained through more copies by the capitalist.

Let us suppose that there are 10 writers on the whole in a magazine. Out of the 10, 4 are Independent writers and 6 are wage labourers. Let us suppose that another 20 labourers participated in the printing work of that magazine. The productive labourers as well as Independent producers are responsible for the 'use-value' of that magazine. But, the productive labourers and the Independent writer are not responsible in an identical manner for the value of that magazine. From the angle of 'value', the role of Independent writers will merely be the role of providing some 'means of production' necessary for the magazine.

'Yarn' is necessary for the production of the cloth, isn't it? That yarn becomes an element in the 'constant capital'. What would be the relationship between that labourer who produced that cloth and its value? He would have a relationship simply as some one who gave one of the means of production necessary for making the cloth. However, the labourer who made yarn will not have any role in the 'process of production' of making cloth out of yarn. Exactly in the same manner, the Independent writer who gave his writing to a magazine will also have no role in the process of production of that magazine. He will not have any role in the production of 'surplus value' that comes from that magazine.

The expenditure incurred on the writings of Independent writers becomes a part of the 'constant capital'. The productive labourers working in that magazine are responsible for the surplus value that remains after deducting the entire constant capital and variable capital from the value received from the sale of the magazine.

Let us suppose that proprietor of the magazine has taken an article from an Independent writer and gave a very low value and not a 'reasonable' value. This is a fraud that has taken place in the 'commodity exchange'. The person who commit this fraud would definitely gain. The person who has been cheated would definitely lose. Even then this writer is not responsible for the 'surplus value' of the magazine.

Suppose that proprietor of a magazine pays a lot of money to an Independent writer. Unless he pays it out of 'surplus value', it is not possible for him to pay more money in any manner.

Like an engineer who designs machinery to meet the needs of the capitalist and like the manager who runs the enterprise according to the wishes of the capitalist, the writer who writes using the techniques the

capitalist wants is also a person who favours the side of the capitalist. The capitalistic engineer and manager too exist as those who do some labour or the other and who receive more than the 'value of labour'. Similarly, this capitalist writer too exists as some one who performs some labour; and who receive more than the 'value of labour'. Such a writer outwardly appears as an Independent producer only. That is, like a person who gives his commodity to the capitalist, takes only its value and makes merely 'simple exchanges'. But the actual fact is that he writes according to the wishes of the capitalist and takes a larger sum from him. That is, he extracts something in return for his labour and something from the 'surplus value'.

But this fact appears outwardly in such a way that there is much competition among the magazine-capitalists for the article of that writer and hence that article acquired much value in that competition. What appears outwardly is only that much. We can accept the 'truth' of competition. We can also accept the second truth that the article got so much value due to the competition among the capitalists. But, if we come to the actual truth, namely, "from where did the capitalist get that 'more money' to pay—we will conclude that it is from the 'surplus value' only.

Let us suppose that this writer is a wage labourer under a capitalist. Then he becomes a productive labourer. He becomes a party to the production of 'surplus production'. Even then his article would not have excessive value. If it has, then it would be the surplus value of others.

4) Labour of Film Actors

If we take 'film industry', 'exhibition of film' is a commodity. Those who sit in a theatre and watch a film have purchased that 'commodity'. What is it for which a person pays, when he buys a ticket for Rs. 2 and watches a film? It is for watching the film and to sit in a chair all along in the theatre. The value of that ticket would be higher if it is a cushioned chair and if the sitting place is more comfortable. Let us suppose that out of our ticket of 2 value, half a rupee represents the portion relating to the 'cinema theatre' and a rupee and half represents the film itself. In this example where we examine the value of the labour of film actors, we consider only those aspects that are concerned with the 'film' but not the value of the 'theatre'. Out of the value of the ticket, let us leave aside the portion concerning the theatre and keep in view only that portion which is concerned with the film.

In the production of a film, people beginning from the director to the light-boy...all are productive labourers. All the actors are productive labourers. The commodity (film) would not be produced if any one of all these labourers is absent.

If the light-boy does not turn up on a particular day, some one should do that work. Without that work, the work of filmmaking cannot be carried out. If it is possible, the 'light-boy' need not be there at all in that work. Hence, in this process of production, a light-boy is productive labourer as much as a hero is.

There is a difference in the form of wages between the film industry and other industries. In the weaving and tailoring industries, wages are paid in the form of either 'time-wage' or 'piece-wage'. Here, wages are given in lump sum for the whole film. This is another form of paying wages. (Another kind of piece-wage). If a film is made by investing some 'capital', it is normal to get 'surplus value' and from it...profit, interest etc.,...everything is as usual. It is not an important question whether wages are paid monthly or in lump sum.

There is a fundamental difference between such labours as tailoring, weaving and cultivation on the one hand and writing, acting, dancing, singing and painting on the other. While the first kind of labours are 'ordinary' labours, the second kind of labours are 'extraordinary' labours. That is, labours coming under the category of 'arts'. All persons can acquire the first kind of labours. All can perform them with more or less equal efficiency. All persons cannot acquire the second type of labours. Even those who acquired cannot perform them with equal efficiency.

As it is possible to assess the values of the first type of labours based on the 'labour time', it is not possible in the case of second type of labours to assess their values based on the labour time alone. 'Arts' are not simply produced by 'labour' alone. In the case of 'arts', there exists a specific feature called 'natural ability' (talent). It means, 'art' is something that is a combination of 'natural ability' and the 'labour-power'. If we consider an 'art', value calculations are relevant only in the case of 'labour' but not of 'natural ability'.

What is the law that operates in assessing the value of a song, sung by a woman-singer like a bird, in terms of money? How much money makes it an equal exchange? When we take a tailoring labour or weaving

labour, it is possible to calculate the amount to be paid for that labour. We have to pay as much amount as the amount of labour time spent on that labour. But, there is no such way to calculate the amount to be paid to a work of 'art'.

In the case of tailoring and weaving, work of all people—let any number of people do that work—will be more or less identical. Looking at the tilled land and woven cloth, it is not possible to tell that a particular person alone has done it. But, same is not the case with 'arts'! Each one, among a hundred singers, will have her or his specialty. Each will have her voice. If there is one kind of 'beauty' in one voice, there will be another kind of 'beauty' in another voice. If one voice is more melodious, another will be less melodious. No two singers will be alike either in respect of the melody or absence of it. There will be hundred specialties in hundred voices. Each specialty is one 'use-value'. The 'reward' for a voice of a singer is the feeling of the listeners depending upon their taste as follows: 'this voice is good, not good, more melodious, less melodious' and so on. It means 'art' will always remain as a 'use-value'. The real exchange for art is obtained not by means of money but by means of the 'recognition' by those who appreciate that art. This means, the real reward for an art is the love that an artist gets from the hearts of the people. That love itself is the real 'fame'. One may get more 'fame', another may get less depending upon the differences in the artistic talent.

However, as art includes a second aspect, namely, 'labour power' alongside the aspect of 'natural ability', the second aspect provides the scope for the art to acquire some value or the other in the form of money. An artist too requires necessaries of life, amenities and opportunities to develop the art. If these are not available, that person cannot express that art. Different arts require different conditions. Depending on these differences, the values of the arts too would be different. As the 'art' includes the aspects of 'labour', it is also subjected to the 'law of value' to a certain extent. Otherwise, it is in fact an unnatural calculation to exchange art with money. But, in the capitalist society, the reward for all arts will be in the form of 'money' only. (Though 'fame' is another form of reward for the arts here, most of it is false fame. Here, money calculations should be there without reference to fame). The capitalist perspective finds no other way (natural way) except to measure everything...goodness, badness etc.,...in terms of money.

All the arts such as writing, acting, singing, dancing which are performed for the sake of capitalist industry are produced simply as 'commodities' according to the requirements of the category of either manual labours or mental labours. Hence, formation of their values and their exchange with money had become generalised.

Let us suppose that a film-capitalist gave '20 lacs' to an actor who is at the level of a hero for a film. But, let us also suppose, it is not a rate that is commonly given to all the actors of that level and only a particular actor alone (or some particular actors alone have such a high rate).

The actor who works in a film that a capitalist makes is a productive labour. If we proceed literally with a general law that "what a labourer gets is the 'value of labour power' only and not the 'value of labour', then we will see a very strange labourer.

Just as we assume at every instance, let us suppose that the rate of surplus value that comes from this film is also 100%. It means that our '20 lacs-actor' too would become a labourer who loses surplus value, which is equivalent to his wage. It follows that the value of his labour = 20 lacs wage + 20 lacs surplus value = 40 lacs. That is, this actor renders a labour of 20 lacs value for this film, gets only 20 lacs wages and loses another 20 lacs. Suppose it took 6 months for making this film. Let us also suppose that this actor acted in 3 more films during this period of 6 months; received money for these films too at the same rate and the rates of surplus value for those films are also 100%. What emerges finally is that this actor performed a total labour of 1 crore 60 lacs value during that 6-month period, took only 80 lacs value from that value and lost 80 lacs. Performing a labour of 1 crore 60 lacs value implies that he performed a labour of about 27 lacs value per month. What are these calculations? How to understand this? What did he receive? Is it the value of labour power?

If we look at the issue briefly at the outset, a large part of the money that this actor swallows has nothing to do with his labour. We have to examine in detail as to how it happens.

The examples concerning the sphere of 'arts' do not literally apply to these examples or ordinary products. Here, we have to see many angles and coordinate them.

If the audiences watch the movies of an actor with a lot of attraction, then the competition among the film producers for that actor and the remuneration of that actor increases. But, how does a capitalist give so much money?

There is a difference between the consumption of such daily necessaries as rice, clothes, milk and medicines on the one hand and the consumption of use-values of such arts as writing, acting, singing and dancing. As all the articles of first type are connected with the physical maintenance, a situation will never arise when their requirements increase excessively or disappear all together. The second type of needs are largely connected with the 'psychological happiness'. These aspects are totally dependent upon the cultural level of the audience. In the capitalist society both the capitalist class and the working class (irrespective of such distinctions as productive-unproductive labourers, Independent labourers, men and women) will be mainly at the level of capitalist culture only. That is, their thinking is capitalistic, their tastes are capitalistic, and their values are capitalistic and artificial. When the ideas, tastes, habits of the public are within the confines of exploitative relations, all the techniques of such art-related industries as newspapers and films influence the public in favour of exploitation.

Any capitalist, who undertakes the production of a given commodity, advertises that his commodity alone is the best one and the commodities of others are useless, doesn't it? In the same manner, the film-capitalist too, resorts to all kinds of tricks and frauds necessary to attract the audience towards the actors in his film. As golden rain showers greet on the film which has an actor around whom the audience has developed 'craze', the capitalist makes all attempts at raising the 'glamour' of the actors. (Actors too do the same thing for themselves). In the competition among the actors, some actors skyrocket while some fall down and disappear.

If 10 labourers work in the production of necessaries of life like cloth, chair and grain, the use-value, which all the labourers give, would be in the same form and manner. It is not the case with arts. In the case of acting, if two different actors enact the same character, those 2 characters would become two different use-values. Here, not only the 'labour' of the actors but their bodies participate in it. The bodies of two persons will not be identical as their labours would be. The physical shapes, movements, voice qualities, action, all these aspects will be different for

each. All these are natural differences. When the audience develop more attraction for one actor and less attraction for another, among the actors with such differences, it means that the first actor has, to use the capitalistic term, more 'demand'. (We have not so far acquainted with the terms 'supply and demand'. We will see these things in part 2 of this volume). The terms 'supply and demand' are in fact should apply to products. But, in the capitalist society, these terms apply at every place wherever there is a commodity. When human beings sell even their natural abilities and their person as commodities to capitalist—a writer his writing, an actor his action, a singer his song—'labour' becomes a secondary factor and 'supply and demand' come to the fore as primary factors in determining the value of those commodities.

If an actor gets more money due to more demand, a large part of that money is unconnected with his 'labour'. 'Money' means 'labour'. When some money comes to an actor, labour equivalent of that money would go from him. But, here, that is, in the film world where unimaginable demand exists, masses of money run hither and thither without real relationship with the labour. there won't be any real relationship between 20 lacs that come to an actor and his labour.

Well, then, how can that film-capitalist pay so much amount to that actor? The answer ..." From the 'surplus value' obtained from that film"...is not fully adequate, it is adequate only to a certain extent.

Here 'another factor' is added. Before seeing what that factor is, we have to see 'surplus value' connected with this film.

Let us suppose that the capitalist invested a total sum of 45 lacs on the wages for the film in our example. Let us also suppose that he spent 20 lacs on the hero, 5 lacs on the heroine, 15 lacs on the director and 5 lacs on all the remaining productive labourers. The total wages of all people is 45 lacs. (Details about the 'constant capital' are irrelevant. The amount invested on it does not matter; whatever amount is put out, it would come back. Nothing more than the invested amount returns).

Out of the amount invested on 'wages', 5 lacs go to all the labourers who receive low wages.

40 lacs to the hero, the heroine and the director taken together.

Let us suppose that the values of the labours of these three persons,

for the whole period of making that film, would reasonably be '3 lacs' only. According to this example, if 3 lacs are given to those persons as a whole, it means that the whole of their 'value of labour' is given to them. (It also means that their 'surplus value' too is included in those 3 lacs). But, the capitalist gave them 40 lacs. This means, they got 37 lacs 'additionally'. Where is it from? Suppose, we offer the same answer which we offer generally in the case of other commodities, thus: "The capitalist was able to pay that amount to those three persons from the 'surplus value' of the commodity. This answer implies that all the productive labourers who worked for that film with low wages gave the value of their wages (5 lacs) and the surplus value of 37 lacs. Moreover, the capitalist should also get some 'surplus value' through this film, should he not? If that is 30 lacs, what is the total sum of the 'surplus value' which the productive labourers with low wages have supposedly given?— 37 + 30 = 67 lacs of 'surplus value'. This means, we have to arrive at the conclusions that labourers who received 5 lacs wages gave 67 lacs of 'surplus value' and from that, the capitalist gave the wages to the big actors and the director and retained the balance amount for himself.

But, in the case of a specific commodity called 'film', it is not 'rational' to say that "the very huge amount obtained over and above the 'capital' is the surplus value of low wage labourers.

That is why, we have to identify that 'another factor' which is responsible for the 'surplus money' that comes excessively over and above the capital. It is possible to do so only when we take into consideration the specificity of the commodity called 'film'.

If we suppose that the value of 1-meter of cloth is 1 rupee, 20 paise, its entire value returns at once when that cloth is sold. Its value includes its 'surplus value'. But, it does not happen so in the case of a film. The entire value of the film does not return when it is sold once (with one show). Only after many shows, will its capital and over and above the surplus return. As the surplus value is also a part of the 'value of the commodity', we can not say that the entire value of the film has returned unless the surplus value has also returned. What does the return of surplus value mean? How much surplus should return in order to say that the value of the film has returned? To answer this question, we have first to offer answers to other questions. How many months did they take to make that film? How much capital did they invest? How much surplus

value does the same amount of capital generally secure if invested in other branches during the said period? The amount of surplus value that the 'film capital' secures depends on all these issues. Let us suppose that it is a 'certain amount'.

Let us suppose that our film has run 'successfully' for a year. (That film will continue its run for many years. But, to make our example simple, let us suppose that this film ran for one year. Suppose after a 3 months run of the film, the entire capital returned and the surplus value due to it also returned. It means that the entire value of the film has returned after 3 months!

But, then, exhibiting the film will not stop. It will continue to run for many more months. (In our example, the film will run for 9 more months). If the film runs even after the return of the entire 'value', then there won't be any new expenditure to make the film (excepting the expenditure of making new prints if the film becomes old). But, even then the values of the tickets of that film will be as in the past.

Take the ticket of Rs.2. Out of the Rs.2, half rupee is toward the theatre expenditure, isn't it? That expenditure remains even now as ever. Apart from that expenditure, the remaining rupee and half is toward the production of the film, isn't it? Now, the film capitalist has not spent that amount on the film. The capitalist takes that amount from the cinegoers without incurring that expenditure.

A viewer of the film pays the entire value of the ticket to the old film as he pays to the new film. The film-capitalist will have a special advantage due to this situation. Like the other capitalists, this capitalist, after earning the initially invested capital and the surplus value due to that capital, begins to earn more money without incurring the expenditure on 'capital'.

In the case of production of such articles as cloth, chairs and grain, the capitalist has to lay capital each time. Suppose the cloth-capitalist gets 100 metres of cloth produced, sells it and earns 100% surplus value. It is not possible for him to earn new surplus value through that cloth once again. He won't get new surplus value unless new cloth is produced once again. In order to produce new cloth again, capital should be spent once again. But, the film-capitalist does not have this worry. He can earn any amount of profit without the expenditure of the new capital by selling

the old film for any number of years. As he does not spend new capital, he need not pay interest, land rents etc., for that. It means, he need not give share to others from the 'profit'. The whole of it falls into the pocket of 'industrial profit'! Thus there is a difference between the sale of other products and the film.

Once the process of returning of the invested capital and the expected quantity of surplus value is complete, thereafter that film could be shown at a very reduced rate. He could show the film by simply taking the depreciation charges of the film and theatre charges. Or he can fix a very low value of the ticket right from the beginning for the film, which runs 'successfully'. Because that film will run for a very long period of time. If we spread the production expenditure of that film over the number of shows that continue for a long time, each show involves a very low expenditure. Therefore, it can be sold right from the beginning. But this imagination is fully meaningless. A capitalist makes a film with an intention to earn as much money as possible and for as long as possible, but not to earn profit only to a certain extent and thereafter to stop all the profits. Hence, however successfully a film may be running, the film-capitalist will neither reduce the price of the tickets nor charge the full price of the ticket for some period of time and then show the film free. He does not do any such thing.

Suppose a machine that is expected to last for 5 years lasted for 10 years. Yet the capitalist of that machine won't sell the commodity made on that machine at a low value. Similarly, the film-capitalist does not show that film at a low price even during the period in which he shows the film without incurring any expenditure on new capital. It means that a person, who watches this film by paying the full value, is paying high value to a commodity, which it does not possess! As use-value, a film will always have the same use-value. But, as value, the value of the film diminishes after some time. But, the value of the ticket does not diminish. In that sense, it amounts to the fact that the film, during its lifetime, has charged from the public a value, which is many times higher than its original value. Charging like this is not possible in the case of such commodities as cloth and grain. Only a special kind of commodity called 'film' can charge its actual value as well as the value that it does not contain.

Another situation connected with the commodity called 'film' is that its capitalist incurs the same expenditure whether he sells it (one show) to either 'hundred' persons or 'thousand' persons. Suppose a thousand persons can watch the film in a theatre. Either the expenditure connected with the film production or the expenditure connected with the 'theatre' is the same irrespective of the fact whether thousand people watch the movie or hundred people watch it. (There will be a little difference in the depreciation of the chairs. It is negligible). If the theatre becomes house-full in every show right from its release, the capital of the film-capitalist returns very quickly. If we suppose that it takes generally one year to get back the capital in the case of many films, the capital and the surplus value on it would return within few months in the case of 'successfully' run films. Thereafter, without any expenditure on capital again, that capitalist gets 'profit' as long as the film runs.

Now we may answer the question, which we raised at the beginning. To the question, "How is the film-capitalist able to pay huge amounts to the actors and is able to earn himself huge amount as 'profit', we may answer as follows: "from 2 sources".

1) From the 'surplus value' of the low-wage productive labourers connected with the film,

2) From the 'surplus' obtained due to an unequal exchange with the audiences who watched the film for a very long period of time and who gave high value to a commodity that has 'low value' in itself.

These are the two ways in which the film-capitalist is able to take back in huge amounts whatever he has spent. This means, this is possible by exploiting not only the low-wage labourers but also the filmgoers.

Hence, the huge amounts that the film-capitalist pays to big actors and directors do not constitute real 'variable capital'. Those amounts are not real 'values of labour power'. They get all those heaps of money through 'exploitation'.

As the cloth-capitalist and weaving-worker constitute different classes, the film-capitalist and the 'famous' actors who receive huge amounts from him are not different classes. Both constitute the same class. It is such a class, which exploits low-wage productive labourers who participated in the production of that film and the audiences who

watched that film. (Those audiences also include other capitalists. There is no loss for them due to exploitation). The film-capitalist takes some amount for himself from the exploited money and gives some amount to the famous actors.

This applies to a 'good' artist as well. An actor possesses real talent. He always plays 'good' characters. As a result, a great demand arises for him and he gets huge amounts of money. Even in those instances, that whole money cannot be the fruit of his labour. However talented an artist he may be naturally, acquisition of reward for that art in the form of excessive money is nothing but the characteristic feature of capitalist society. Special conditions that give scope for acquisition of excessive money are possible only in the sphere or 'arts' and in the sphere connected with certain types of addictions.

Suppose a large sum of money has been spent on actors to make a film, and it has not at all run. Let us also suppose that the capitalist did not get back the amounts, which he paid to the actors. What has happened? Did the productive labourers connected with that film not give 'surplus labour'? The question of 'not performing surplus labour' does not arise since film has already been made. The film has been made including the 'surplus labour'. But, this commodity (film) did not convert into 'money' since its sale has not taken place (since that film has not been exhibited as many times as it should have been). That commodity could not serve even as a 'use-value'. All the means of production, labours and every thing that have been spent on that commodity have gone waste. It means those expenses will not come back. It also means that return of 'surplus' through that commodity did not take place in any manner. Let us suppose that actors had already received huge amounts. As the whole of it does not come back to the capitalist, it is a 'loss' to the fellow.

But, if we take the situation of the 'successfully-run' films, it is possible to earn 'profits' many more times. Such profits that are impossible in the case of commodities like grain and clothes.

If a special condition exists whereby a lot more money could be earned in the film-industry, wouldn't the capitals of all branches of production run toward this branch? They would have done so; but there is a 'negative' situation in the film industry that is not there in other branches. All films invariably earn money in the same manner. Some

films do not get even one tenth of the invested capital. In such an event, the capitalist would face a terrible loss. This kind of situation does not exist in the branches of production of necessaries of life. Just as people could completely stop watching movies, they do not stop buying rice or clothes. It means that even if capitalists of other branches incur loss, that loss would not be similar to that of film industry. Thus, as there is a scope in film industry to earn more profits as well as lose every thing, this branch of production attracts as well as repels new capitals.

5) Labours of 'Bank employees'

Are the labours of bank employees productive or unproductive?

Two types of work are carried out in the bank. (1) Production and sale of certain kinds of 'commodities', (2) Lending money for 'interest'.

What are the commodities that the banks produce? Bank accepts money from the public (by way of deposits) and issues it whenever they want. When a person wants to send some money to a person living at another place, it is enough if he gives that money to the bank at his place so that the bank will transfer that money to the person living at another place. The bank, thus, performs the 'functions' of transferring money from one place to another and accepting the money-deposits from the public and take necessary 'charges' to perform those functions. All these 'functions' are 'commodities'. It is only the bank employees who perform these functions.

Just as the cloth-capitalist gets the cloth produced by the workers, the capitalist who starts 'the bank' business also gets certain specific functions performed by the bank employees. Charging money for all those functions amounts to selling of those functions to others. That is why, those functions are 'commodities'. After deducting the bank expenses (including the wages of the employees), what remains is the profit and the same is 'income' of the bank.

So far as these commodities are concerned, bank employees stand as 'productive labourers' and bank-capitalist stand as 'Industrial capitalist'. (All those aspects concerning employees such as managers, who get higher wages and special privileges at other production places, apply similarly to the higher-grade employees here.

The second kind of work that the bank does is: borrowing money

from the people and lending it again to the public. In this aspect, bank is a 'money-capitalist'. All that applies to a money-capitalist also applies to the 'bank'. The money-capitalist increases his money by means of interest. Bank too does the same thing. In the case of 'loans', interest itself is the income of the bank.

Let us suppose that a person borrows some money on loan from another person at an interest rate of 2 for 100 per month and lends the same money to others at the rate of 3 for 100. Owing to this, that person retains 1 for 100 per month. The balance that remains after deducting low-interest from high- interest would be the income of that moneylender. Exactly, the bank too borrows money from outside for low-interest and lends it in turn on a high interest outside and gets the interest (that is due to the difference between its borrowing and lending) as its income.

The interest that a bank gets from the 'productive' enterprises, to which it lent money, is part of the 'surplus value' of those enterprises.

The interest that a bank receives from the productive and unproductive labourers, whom it lent money, is part of their wages. Whatever way we may look at things, the interest that a bank gets through interest is the fruit of the labour of the labourers.

With reference to the duties carried out in connection with these 'loans', bank employees are unproductive labourers. In this aspect, they do not produce the direct surplus value. We may understand this point if we see it through an example of an individual capitalist.

Suppose a money-capitalist lent some money as loan to some Industrial capitalists. The money-capitalist gets, let's say, 200 per month from the Industrial capitalists. This money-lending business too involves certain duties. Some one should collect interest; some one should maintain accounts. Suppose the money-capitalist engages a clerk to do these duties. The monthly wage for that clerk is 50. Apart from this expenditure, some expenses are incurred on maintenance of records and travel for collecting interest. Let us ignore these expenses to make our example simple. If we want to calculate these expenses as well, it is enough if we add this to the wage of the clerk. But, as we have to see only the labour of the clerk, we are ignoring the expenditure of the means during the period of labour.

Who is responsible for the '200-income' that the money-capitalist gets every month in the form of interest? It is the productive labourers of

those industrial enterprises to which he lent his money as a loan. But not the employee who works for the money-capitalist.

With reference to the duties connected with the loans, bank-employees are 'unproductive labourers'. They do not produce surplus value. We can understand this point easily by means of an example of an individual money-capitalist.

Suppose that a money-capitalist lent some money to some productive capitalists. That fellow gets 200 every month as interest from that productive capitalists. Let us suppose that the money-capitalist employed a clerk to collect interest and to write accounts. The wage of that clerk is 50.

Well, then, will this '50-wage' come back again to the employer? Further, will the surplus money also come to the employer? None of these 2 things take place. Because, the employer does not sell the work of this clerk outside. The labour of this employee does not convert into value (money) for the master. It will be consumed as 'use-value' necessary for the employer. Therefore, neither the wage of this employee comes back again nor does it get 'surplus money'.

The money (200) that the employer got came to him through a different source (through interest) without any reference to this employee. The employer has to meet all the expenses connected with his money-lending business from out of this interest that he gets. The wage of the clerk is also paid from this interest only. This means, the relationship that the employer has with this clerk is concerned not with the increase of money but with the spending of money.

This clerk too gives 'surplus labour' to the employer. Let us say, it is 100%. It means that this employee performs labour of '100-value' with '50-wage'. If the employer has to pay for the entire labour of the clerk, he has to pay 100 money. But, he gives this 50 only. Hence, the employer saves '50 of expenditure'. In this sort of relationship, the surplus labour that an employee gives helps the employer not for increasing the money but to reduce the expenditure. Therefore, this employee is an unproductive labourer.

Suppose that the expenditure of the means connected with the collecting of the interest is 20. The total expenditure really incurred for

the money-lending business is : means 20 + labour of the employee 100 = 120. But the employer does not spend 120. He spends 20 + 50 = 70 only. Work of '120 value' is carried out with '70 expenditure' only. If 70 expenditure is deducted from the interest 200, what remains for the employer is 130.

If the money-capitalist himself does the work, which the clerk does, even then 20 expenditure on the 'means' is unavoidable. The wage of the clerk, however, will be saved.

Whatever happens in the case of money-capitalist also happens in the case of a 'bank'. So far as this business is concerned, 'interest' itself is the 'income' of the bank. Labourers who work in this business are 'unproductive labourers'. Their wages and means are unproductive expenses. All these expenses are spent from the 'interest' that the bank gets.

Certain productive labours as well as unproductive labours are carried out in the Bank. It means that a **bank is a 'productive capitalist' in certain functions and money capitalist in certain other functions.** An employee of a Bank would stand as a productive labourer or unproductive labourer or both depending upon the nature of the function that he performs. This means, banks get both surplus value as well as surplus labour from their employees.

We may call a banking-capitalist as 'banker'. Like a cloth-capitalist and like a film-capitalist, the 'banker' too employs some wage labourers, establishes an organisation called 'bank' with some capital and then begins to 'earn'.

Just as in every productive enterprise, everything is as usual in the banks too: the higher-grade employees such as managers and directors; their wages, their luxuries and so on.

All the functions that are performed in a bank (either money transactions or money lending) are not 'naturally' necessary for the society. With the demise of capitalism, the life-blood of bank will also be exhausted. With the disappearance of 'value' from the society, the bank itself will disappear.

6) What about the 'prostitutes'?

Suppose a capitalist is running a 'brothel'. He spends on all the

expenses beginning from the rent of that brothel. He pays some amount of money to 'prostitutes' either weekly or monthly or at some other rate. After deducting all these expenses from the 'customers', he earns 'profit'. There is no doubt that this profit has come through the prostitutes only. The question, however, is whether prostitutes too constitute 'productive labourers'?

According to the principle that 'any kind of labour that increases the money of the capitalist is productive labour', one may derive the meaning that 'prostitutes are also productive labourers'.

Before examining the question 'whether prostitutes are productive labourers or not', we have to see the question: 'is prostitution a labour?'

We have seen that there will be natural labours and unnatural labours among labours. Labours such as tailoring, weaving, agriculture, medical care, driving, teaching etc., are 'natural labours'. This kind of labours should always exist to satisfy human needs. These will not vanish even in the 'new society'.

Labours such as police-labour, military-labour, arms-producing labour, watchman's labour, labour of salespersons etc., are 'unnatural' labours. These are necessary only for the exploitative societies but not to exploitation-free society. These kinds of labour will gradually vanish in the 'new society'.

Prostitution does not come under either the category of 'natural' labours or 'unnatural' labours. It, in fact, does not at all come under the category of 'labor'.

The physical relationship that forms between men and women is an activity connected with 'nature'. All the bodies of the 'beings' irrespective of such distinctions as insects, birds, animals and humans perform certain activities that are connected with ' nature'. All such actions as taking food, discharging of excreta, man-woman physical relationship, and birth of a child by woman's body etc., come under this category.

But, all the physical activities performed by non-human beings remain simply as acts that are connected with 'nature' only. But in the case of human beings, an element of 'social' characteristic' is always added to every act which is performed by the bodies and which is connected with nature.

If we take the case of 'food', the fact that 'one should have some food in the stomach' is connected to 'nature'. But how should one take it how should one prepare it, how the process of eating should be carried out etc...are aspects connected with the 'society'. The food goes into the stomach only in combination of the two aspects: nature and society.

Similarly, if we consider the physical relationship between man and woman: it is an aspect connected with the 'nature' only to the extent of the fact that "it is a relationship of two bodies". But, such aspects as follows are connected with the 'society': "What is the basis for such a relationship between two individuals? Is there any scope for the personal likes and dislikes of the individuals involved? What is the nature of those likes and dislikes? With what ideas do those men and women enter into that relationship? What aspects constitute the basis for that relationship?— All these are 'social' issues. Not only the relationship of prostitution but also the physical relationship between wife and husband will involve these two aspects (concerning 'nature' and concerning 'society').

If we consider the physical relationship between men and women simply as an aspect of 'nature', it amounts to a relationship between two animals. Human relationship is not simply an animal relationship. Human relationship was also an animal relationship only so long as human beings existed wholly in the animal stage. But, since the beginning of transformation of 'human-animal' into a 'human being' as a result of an activity called 'performance of labour', there began the involvement of 'social aspect' along with the 'aspect of nature' in the relationship of human bodies. In any stage (even in the new society) physical relationship of human beings will exist as a relationship that involves certain social aspects alongside the aspect of 'nature'. The relationship of bodies involves ideas that are formed due to the social conditions in which those human beings live.

The 'sex' relationship that forms between the human bodies is not a 'labour relationship'. Just as tailoring and weaving are 'labours', 'eating food' and 'engaging in sex' are not labours. The body gets tired even when food is taken. But it is not 'labour'. When we talk about 'labour', it is not about this kind of exhaustion. There is a difference between the exhaustion when weaving work is done and the exhaustion when food is taken. Taking food is an activity necessary for the maintenance of that

body. Weaving is an activity of performing an outside work. Therefore labour of taking food and labour of weaving are not identical situations.

The matter of sex is also connected with the natural needs like taking food. It does not belong to the category of 'labour'. A natural phenomenon called 'sex relationship' merged with social characteristics becomes either a 'natural' relationship or 'unnatural' relationship depending upon the nature of those social characteristics.

We, however, should not arrive at such meanings as: 'natural' relationship means wife and husband relationship and 'unnatural' relationship means prostitution-relationship. To understand 'prostitution' as 'unnatural' relationship is totally correct. But, it is not totally correct to understand wife and husband relationship as 'natural' relationship.

Only that kind of man-woman relationship can be a natural relationship, which exists as a natural relationship in terms of 'nature' as well as 'society'.

If we consider the aspect of 'nature', only that man-woman relationship is a natural relationship, which formed according to the physical laws ordained by nature. Either the physical relationship between man and man or the one between woman and woman is an unnatural relationship. Similarly, a relationship that forms between men and women in a 'perverted' manner is also an unnatural relationship.

If we consider 'social' aspect, the life-conditions of men and women should be without 'contradictions'. Both should be individuals with equal status and equal rights economically, socially and legally.

Between a man and woman, there should exist a cultural element called 'love', which is specific to human beings only.

The 2 elements, namely, equality between men and women, and love between men and women develop gradually in the course of evolution of human society and reach a stage where there won't be contradictions. Till then, man-woman relationships will only be unnatural relationships.

Just as human relationships have been contradictory relationships—that exists between exploiters and labourers—since the days of 'slave society', man-woman relationships too have been contradictory relationships involving 'inequalities' since the beginning of exploitation.

Which means, human relationships including man-woman relationships have been unnatural relationships from the earliest days of exploitation till today. But, just as relationships between exploiter and the labourers do not appear to them as unnatural, relationships between men and women too do not appear to them as unnatural. Though inequalities appear in the relationship of a slave and his master, such a state of affairs appears to be natural to them. Similarly, though inequalities appear in the relationship of wife and husband such a state of affairs appears to both of them as 'natural'.

Therefore, it is completely wrong to understand that wife and husband relations is a 'natural' relationship and the prostitution-relationship that form between men and women alone is 'unnatural' relations.

'Prostitution-relationship' is definitely an unnatural relationship. But, wife and husband relationship too is an unnatural relationship of another kind.

In prostitution, there won't be an element of social equality between men and women. The element of 'love' will not exist at all. Hence, this relationship is totally unnatural.

There won't be an element of 'social equality' even in the 'wife and husband relationship'. But, the element of 'love' will exist in the case of certain specific couples. But, as that love too is not based on the concept of 'quality', even this relationship of wife and husband too remains as unnatural relationship, involving certain contradictions.

In exploitative societies based on false foundation, even the man-woman relationship exist as false relationships (unequal relationships). As the physical relationships between men and woman, who are wife and husband, are also unnatural relationships devoid of equality and love, prostitution that contains the same features is possible between men and women. **Prostitution is the highest form of false relations between men and women.**

Prostitution does not simply mean a relationship that forms between a prostitute and a customer. Every instance of transgression of the norms of wife and husband relationship by men and women is nothing but prostitution. In a real sense, even wife and husband relationship is also

one kind of prostitution. While keeping in view all these aspects, we shall consider here only 'prostitution' as the main problem.

If we view this problem from the side of the prostitute, its basis is her 'poverty' and certain kinds of 'traditions'. If we view the problem from the side of the customer, it happens due to the special rights that a male person has and due to the defects of the wife and husband relationship.

Prostitution exists in various forms in 'slave society', 'feudal society' and the 'capitalist society'.

Making arrangements with some capital to set up a brothel, assembling women at that place, paying some money to them and engaging them in that occupation...are the features exclusively specific to the capitalist society. This profession is not found in this form in other exploitative societies.

The fellow called 'capitalist' tries to earn money from every filth and from every wicked act. Hence, he is able to earn money even from 'prostitution'. As there exist countless working class families who live in dire poverty in the capitalist society, the women of those families will be easily available for the profession of prostitution. Just as articles are rented out, the brothel-capitalist rents the bodies of women and earns money through them. As the government in a capitalist society too is a government of the capitalist class, it recognizes prostitution also as an 'industry'. Just as it gives license to textile industry and garments industry it also gives licenses to the industry called 'running of brothels'. Just as it collects taxes from all industries, it collects taxes from the prostitution industry as well.

To the view of the capitalist, liquor, gambling, horseracing, lotteries, prostitution...every thing is an industry. Anything that earns money is an 'industry'. Its only objective is to make money! The only moral! It does not have morals, goodness and justice greater than 'money'.

The capitalist (whether that person is a man or a woman) roams around various places, sets up various frauds and traps, kidnaps the girls, compels them by force to pursue prostitution, sells them to other places and even kills them on certain occasions...such a capitalist will be considered as a 'highly respected' person in the society. The capitalistic

meaning of the word for reputation is 'heap of money!' The fellow who has the biggest heap appears to be a respectable person to both himself as well others of his ilk. As the heap rises higher and higher, respect for that fellow also rises higher and higher.

What happens if we apply literally the principle that 'labour that increases the money of the capitalist is productive labour' to the present context? As prostitution also increases the money of the capitalist, this profession also appears to be a labour and a productive labour as well. Then, what would be the solution for prostitution?

What is the correct solution for any problem connected with 'labour'? Every person should get his/her value of labour. Exploitation should cease to exist. This is the solution.

If we consider 'prostitution' also as a 'labour', then the solution to this problem would be as follows: "Prostitutes should get their entire value of labour"—This is how its solution would be. It follows that 'women may live on prostitution even in the new society; it is also a labour; the only thing that should happen is that they should get their entire value of labour. It is enough if this happens!' This is how we have to visualise the solution. There won't be any struggle on the part of the women who are at present living in the brothels of the capitalist society to come out of their life and seek a way to live by means of natural labours. They have to continue with the profession of prostitution but to struggle only to get more 'wages' and to improve the conditions of the profession! This would be the only way of struggle against the brothel-capitalist if we consider prostitution as a labour. This is nothing but perverted understanding of the problem.

Prostitution is one of the many evil consequences of 'exploitation of labour'. But, it itself is not a problem of 'exploitation of labour'. This means, it is not such a problem where prostitutes perform productive labour, lose surplus value and are subjected to exploitation. That is, the problem of prostitution is not a 'problem of labour' directly.

In a problem of labour, the solution would enable the labourers to get their entire value of labour. But, such a solution is not useful to the problem of prostitution. Disappearance of such a life itself constitutes the solution for that problem.

The problem of prostitution is not simply a problem of a prostitute but also of the customer. If we properly see further, it is the problem of the wife of the customer as well. If the prostitute resorts to prostitution due to economic reasons, the customer does it due to reasons other than economic. The man-woman (wife and husband) relationships either in the 'exploiting class' or 'labouring class' in the exploitative societies are found to be defective.

If we observe the situation of the labouring class, there are no proper houses and opportunities to lead one's family life in peace and with leisure. This poverty makes the family life peaceless. Its consequences manifest in the form of prostitution, other conflicts, divorces, murders, suicides and many more forms.

Prostitution is a confused creation of many such problems as poverty, sex, dissatisfaction cropping up due to love-less marriages, male domination, false ideology spread over across the society as a whole and so on. The source for all these problems is exploitative society. It means, the source for prostitution is nothing but exploitation only.

7) The question of the 'unemployed'

'Employment' means 'performing some 'labour' or the other. Whether it is mental labour or manual labour. 'Unemployment' means, lack of opportunity to do a labour for a person who is willing to do labour.

Is capitalist an unemployed person since he does not do any labour? The capitalist is also an unemployed person in the sense of 'not doing any labour'. But, this is not the meaning of the term 'unemployment' here. The unemployed are those who do not have opportunities to do labour despite their willingness to do labour.

We have seen to some extent in an earlier chapter on 'Large-scale Industry' as to why unemployment emerges in capitalist society. We will see some more points later in the next chapter on 'Expansion of capital'.

Every 'employed' person receives daily some share from the 'mass of social production'. The employed person will thus have the 'right' to receive some share from that 'mass of production'. The unemployed person will not have such a right. But, the unemployed person too survives. It means that the unemployed person too is receiving some production daily. The unemployed person lives on the products of the employed

members of the family to which he belongs. The unemployed person daily uses some products without contributing his labour to that production. Every unemployed person has to live at the mercy of others since he/she does not have an opportunity to live on his/her own labour.

If there is no such opportunity, an unemployed person will live as a 'thief', 'rowdy', 'pimp' or one who is engaged in such other activities that do not convert as 'labour'; even in those activities he lives without a stable income.

The entire population who do not do productive or unproductive labour or Independent labour come under the category of unemployed. Persons who live on such crimes as theft; beggars; prostitutes; women and children living in orphanages come under this category of unemployed.

Both employed as well as unemployed persons in the society together should have to consume the products which productive and unproductive employees in the society get. All these unemployed persons belong to the families of the labourers only. That is they belong to the labouring class only.

The fact that 'sharing of some portion of one's fruits of labour with others'...does not apply to the capitalist class. That class as a whole is a 'strange band of unemployed'! There won't be such differences between the employed and unemployed.

Even the people who live exclusively on 'begging' in the society receive some portion or the other (an unimaginably low portion) from the 'social production'. They get it from the alms which others give. The alms that the labourers as well as exploiters give are the fruits of the labour of the labourers only. It is the labours who are the real alms-givers who are behind those 'reputed alms-givers' in the society. Compared with other rich fellows who do not give alms, a rich fellow who gives alms will be a 'real alms-giver'. But, labourers are the real sources for all the alms given in the society as a whole. It is the class of labourers that is bearing the burden of alms given in the society as a whole.

8) People in the jails

All the prisoners in the jail constitute another section. Certain categories of prisoners in the jails do certain kinds of labours. If their

labour is enough for their maintenance, then it means that they are maintaining themselves. It does not mean that they are 'independent' people. They are 'imprisoned-independents' who maintain themselves while being under the control of others. Prisoners who do not do labour in the jails live on the 'income of the state'. That is, on the surplus products (surplus value) the productive labourers produce.

In this chapter, we have so far discussed the issue of productive and unproductive labours and also examined some examples.

When we view at productive and unproductive labours from an apparently commonsense perspective, we hold certain wrong notions such as: "Labour that produces 'articles' is a productive labour"; and "Labour that is carried on in the form of a 'work' is unproductive labour". The reason for this is that, among productive labours, we find more number of labours, which produce articles, and less number of labours, which are in the form of 'work'. Similarly, among unproductive labours, we find more number of labours which are in the form of 'work' and less number of labours, which produce articles. Owing to these external features, we form wrong notions about productive-unproductive distinction. But if we examine things correctly, we find that productive-unproductive distinction is based not on the fact whether a labour produces articles or exists in the form of work but based on the nature of relationship that it has with the capitalist.

9. Productive-unproductive distinction applies only to masters; but not to workers

That which gives
'surplus value' is ..... Productive labour.

That which does not give
'surplus value' is ..... Unproductive labour.
(Though, it gives 'surplus labour')

Further, others should have rendered that 'surplus value' or 'surplus labour' only.

When a Master gets some amount of labour from the labourers (that is, from 'others'), there arises a distinction of the labour being productive or unproductive to that Master depending upon whether that labour has

turned into 'money' or not. This distinction will never apply to labourers under any circumstances. When we view this from the side of labourers there arises a distinction of their labour being 'value' or 'use-value' for them! But, the distinction of their labour being productive or unproductive for them does not apply to them. Because, labourers simply get wages in return for there labour, but they do not get surplus labour or surplus value. In case, a person gets his own surplus labour, then that becomes his own labour and not of others.

The productive-unproductive distinction does not exist in the case of labourers since relevant factors—that is factors that give rise to such distinction—are not present in the case of labourers.

These points will be clearly known if we consider productive, unproductive and Independent labourers and situate their labours in different contexts.

Productive-unproductive distinction does not apply to the labourers:

Sl. No	Who does the labour?	Will that labour change into 'value' or not?	What sort of labourer is that person?	What is the relationship of the labour of that person with that person? What is the relationship with her master?
1	Hotel-cook	That labour will change into 'value'. Out of that value, 'wage' for the labourer and 'surplus value' for the Master.	She is a 'productive labourer' of the Master.	Her labour is neither 'productive nor unproductive' to her because it gives her neither 'surplus value' nor 'surplus labour'. It is 'productive' labour for the Master.
2	If the hotel cook cooks those dishes at her house and sells them as 'commodities'?	That labour will change into 'value'. The person would get the entire 'money'. Both wage and 'surplus value' belong to her.	Independent labourer.	That labour is not a 'productive labour' to her. Because the 'surplus value' obtained belongs to her. Does not belong to others. Here the 'productive-unproductive' distinction does not apply.

3	If the hotel-cook does cooking-work at her house for her own sake?	That labour will exist as 'use-value'. The 'surplus value' belongs to her only.	Housewife.	That labour is not an 'unproductive labour' to her. Because that 'surplus labour' belongs to her only. Does not belong to others. Here, the productive-unproductive distinction does not apply.
4	If a cook cooks at a Master's house?	That labour will change into 'value'. 'Wage' is obtained. But that labour will not change into 'value' for the Master. But it gives 'surplus labour' to the Master.	She is an 'unproductive labourer' of the Master.	That labour is 'unproductive' labour to the Master. That labour is neither 'productive' nor 'unproductive' for the labourer. That distinction does not apply.
5	If the unproductive cook cooks for her own house?	That labour will be a 'use-value' for her. Her 'surplus value' belongs to her.	Housewife.	'Productive-unproductive' distinction does not apply to her labour.

Even if we see the issue further in any number of ways, the 'value-use value' distinction alone is applicable and 'productive-unproductive' distinction is not applicable to the labourers. Such a distinction is relevant to the Masters who buy labours, but not to the labourers who sell their labour.

10. 'Existence' determines 'Consciousness'

The total male and female population in a capitalist society may be divided into 6 types:

1. Productive labourers.
2. Unproductive labourers.
3. Exploiters.
4. Independent producers.
5. Family members who do their own house work.

6. Unemployed people + People in the orphanages + People in the jails + People in the religious institutions.

Every person in the society exists in any one of these 6 situations. However to make our example simple, we have to reduce these 6 kinds of existence into 2 kinds only: 'Masters' and 'Labourers'.

The statement that 'existence determines consciousness' means that the ideas of any given individual depend on the conditions (or place) in which that person is located. Whether we call them 'ideas', 'consciousness' or 'thoughts', all mean the same.

If we consider the primary distinctions within the conditions of human beings, namely, masters and labourers, these distinctions apply to any exploitative society.

The master considers himself as a highly placed person, as a dominator and a fellow who is not obliged to do labour. All his ideas in every aspect will be in accordance with his existence as a 'master'.

The labourer considers himself as some body who has to be subservient to the master, who is obliged to do whatever work the master assigns to him and that the aim of his life is to obey the orders of the master. The ideas of this person in every aspect will be in accordance with a condition called 'servitude'.

Had the master, right from the beginning, been in the situation of a labourer rather than that of a master, then his ideas would be characterised by servitude rather than by masterhood.

Similarly, had the labourer, right from the beginning been in the situation of a master rather than that of a labourer, then his ideas would be characterised by masterhood rather than servitude.

The fact that the same individual holds ideas in accordance with the situation in which he exists depends not on the individuals but on the conditions of their existence in the context of labour relations.

However, when we speak of 'conditions of existence', the ideas that spring up from that existence too involve contradictions. This is how it happens: Slavery is a condition of existence. It involves contradictory conditions. This situation creates among the slaves not only such ideas that are favourable to slavery but also ideas as are opposed to it. While

the ideas that slaves have to be subservient to the master exist predominantly, the ideas that are opposed to subservience too would inevitably exist at some level. Both these kinds of ideas arise from the same condition of existence called 'slavery'. The second type of ideas too does not emerge from any other conditions of existence, other than the same conditions. Thus, since favourable as well as opposing ideas arise from given conditions of existence that involve contradictions, and when favourable ideas are losing their impact and opposing ideas are on the rise (how this happens is a different point), the opposing ideas alone will change that condition of existence. They will be able to change the old condition of existence and establish a new one. This means that, just as the conditions of existence influence ideas (consciousness), consciousness too influences the existence! Here, influence of ideas does not mean the influence of ideas that favour given conditions of existence. There won't be any change in the conditions of existence due to ideas that favour those conditions. Only opposing ideas alone can change those conditions of existence.

We make a statement that 'existence determines consciousness' because ideas (consciousness) form depending on the existence. Likewise, since conditions of existence also change (that is new conditions of existence form) due to ideas (consciousness), we may also make a statement that 'consciousness determines existence'. This means, existence is accordance with the ideas. However, since consciousness (ideas) is not something unrelated to the initially present conditions of existence, this second aspect, namely, 'consciousness determines existence' is not independent of the first aspect, namely, 'existence determines consciousness'. Hence, when we say 'existence determines consciousness', it implies that the second aspect too is included in the first aspect itself.

When we say 'consciousness determines existence' or in other words 'consciousness (ideas) that can change the existence', it does not mean that the consciousness is something that grasped the fact of 'exploitation of labour'. Though slaves are not aware of 'exploitation of labour', they wage struggle in many ways against the masters due to the sufferings in their daily life. Those struggles keep changing their conditions of existence to some extent. In such a stage of struggle, such ideas alone could change their conditions of existence to some extent.

The division of human beings into those who perform labour and who do not perform labour implies that they have split into two categories (that is into two classes) that have two different ways of life.

Existence of human beings as classes is one thing.

The conscious awareness that they constitute different classes is another thing.

Classes have been there since the slave society. But, the then existing classes did not know about 'exploitation of labour'.

The classes during the period of slavery knew about the existence of classes only to the extent that 'there are difference among human beings, in the sense that some are slaves and others are masters'. Since these differences appear outwardly also, both the classes knew them. But, none of the classes knew of such deeper things (such as 'exploitation of labour', 'labour', 'value', 'money' etc.)

Likewise, in the feudal society too, people knew things only to the extent that 'human beings are divided into tenant farmers and landlords. They did not know the actual reasons for their condition.

Even the present-day working class too has the half-baked knowledge about the exploitation of labour and does not know about it clearly. But, today, there is a theory that explains the exploitation of labour. However, the discovery of such a theory had not taken place in the past societies of slavery and feudalism.

When the fact that exploitation of labour takes place in a particular manner and hence the human beings are divided into 'antagonistic classes' is not known very clearly and definitely, the consciousness of these two classes would be in an unclear (unconsciousness) level.

Very often, we use the word 'middle class' in our daily life. We assume it as a section of people who are neither very rich nor very poor. But either the term 'middle class' or the meaning that we give to it is the result of superficial understanding and not based on correct and scientific understanding.

When we say 'middle class', it means 'the class that stands in the middle'. 'Middle' of what? Between what classes? Between the exploiting class and the working class. This means, 'middle class' is that which is

neither fully 'exploiting class' nor fully 'working class'. If we look at it with this meaning, 'petty bourgeoisie' itself is 'middle class'.

A petty-bourgeois person, while performing labour for himself, employs some labourers in his 'production process'. This person gets the entire 'value of labour' and also gets the surplus value from his labourers. It means that this person is neither fully a labourer nor fully an exploiter. A person who stands in this kind of 'labour relationship' is a petty bourgeois. The term 'middle class' does not reflect the labour relationship that the term petty bourgeois reflects. This term does not give the correct meaning.

When we call a society as 'capitalist society', it means that there will be only 2 major classes called 'bourgeoisie' (capitalist class) and 'proletariat' (working class). If there exist also petty-bourgeoisie and the class of Independent producers, it means that their existence is so negligible that they need not be taken into consideration. It means that they exist to a small extent as supplementary classes only. The portion of production that comes through these classes too would so negligible that it need not be counted. It would be very limited. Hence, though these classes also exist in a society, that society is considered primarily as capitalist society.

Take any exploitative society, all the sections that do labour constitute one class and those sections that do not do any labour constitute another class. These 2 classes are mutually antagonistic. The division of these classes becomes much more conspicuous in the capitalist society than in the earlier societies.

When the working class does not know about this exploitation, each individual in that class thinks like this: "The wage that I receive is the remuneration for my labour. The profit that the capitalist gets comes from the 'capital'. I am able to live because my master is giving me work. What can the master do if I am in poverty? It is my bad luck".

On the other hand, every employer in the 'exploiting class' also thinks in the same way: "I am giving away wage to the labourer for doing the work. I get profit through 'capital'. What can I do if the labourer is in poverty? It is his bad luck!"

Both the master and the labourer think alike with regard to the

'relationship' between them. There won't be any difference between capitalist ideas and the working class ideas. But the real situation that exists between the two classes is 'exploitation'! Though none of the classes grasp this reality and think that everything is proper, the actual condition would keep exerting its influence. That influence would be in the form of vague conflicts. But, as it becomes possible to realise the actual truth, the ideas of these classes gradually become different altogether. Then the working class as well as the capitalist class would begin a conscious struggle against each other: one with an intention to come out of the exploitation and another with an intention not to give up exploitation.

If we take the working class in an exploitative society, its consciousness will have many limitations. In that society, exploiting class itself would be a ruling class.

In Marx's words:

> "The ruling ideas of each age have ever been the ideas of its ruling class" (Marx & Engels. 1848. Manifesto of the Communist Party. P.125 in Marx & Engels: Selected Works, vol.1, Moscow edition 1973)

> "The ideas of the ruling class are in every epoch the ruling ideas: i.e., the class which is the ruling *material* force of society is at the same time its ruling *intellectual* force. The class which has the means of material production are on the whole subject to it. The ruling ideas are nothing more than the ideal expression of the dominant material relations, the dominant material relations grasped as ideas; hence of the relations which make one class the ruling one, therefore, the ideas of its dominance. The individuals composing the ruling class possess among other things consciousness, and therefore think. Insofar, therefore, as they rule as a class and determine the extent and compass of an historical epoch, it is self-evident that they do this in its whole range, hence among other things rule as thinkers, as producers of ideas, and regulate the production and distribution of the ideas of their age: thus their ideas are ruling ideas of the epoch" (Marx & Engels: 1845-46. The German Ideology. Page 67, Moscow edition 1976).

Thus the working class will be under the influence of ruling, exploiting class ideology.

The life style of the exploiting class is nothing but to live with excessive comforts, extravagance, false values and man-woman inequality. All this is the special culture of that class. The influence of this culture would be strong even over the working class. The section of high-level mental labourers wholly imitates the life style of the exploiting class. The lower sections of the working class too would be immersed in that influence. They try to spend their lives with extravagance and false values to the extent possible.

But, the situation of 'doing labour', a situation in which the working class lives, distinguishes its life style from that of the non-labouring, exploiting class. The differences in the conditions of the 'classes' will necessarily separates their respective life-styles, cultures and consciousness.

So far, we have seen all the examples of productive-unproductive labourers, Independent producers, women who are confined to 'family labours'; women who do both family labourers as well as outside labours; and women who do not do any labour and so on. What we find in all these examples is the following:

If a person buys from another person an 'article' or a 'labour', there forms a relationship of labour between the two. These **labour relationships** may be of these types.

Between the capitalist and the productive labourers;

Between the capitalist and the unproductive labourers;

Between the capitalist and the Independent producer;

Between two Independent producers;

Between an Independent producer and a wager labourer;

Between a husband and wife—and so on!

The person who gives 'labour' should first give his/her labour, take money and buy with it another article or a labour.

The person who gives 'money' may in return take an article or a labour and use it for his/her need or for the production of a 'new commodity'.

Now, let us briefly see as to how we can formulate all these labour relations. To make our examples simple, we are using the letter 'c' in this table for both 'commodity' and 'labour' since labour is also a commodity.

Formulations of 'labour relationships'

Who participate in the relationship? From whose side are we viewing the relationship?	**Formulation**
1) In a relationship between the capitalist and the productive labourers: —When seen from the capitalist side:	Money—More labour—More Money M — C^1 — M^1
—When seen from the workers' side:	More labour — Less money—Less commodity C^1 — M — C
2) In the relationship between the capitalist and the unproductive labourers: —When seen from the side of the capitalist:	Money — More labour than that money M — C^1
—When seen from the side of the unproductive labourers:	More labour — Less money — Less commodity C^1 — M — C
3) In the relationship between the capitalist and the Independent labourers: —If the capitalist buys for 'productive consumption': ®	Money — Equivalent commodity — Equi. Money M — C — M ®

—If the capitalist buys for the family needs: —Whatever be the need for which the Independent producers sold the commodity to the Capitalist:	M — C His commodity — Equiva. money — Equiva. commod. C — M — C
4) In the relationship between two independent producers or between an Independent producer and a wage labourer: seen from any side:	His own labour — Eq. money — Eq. commod. C — M — C
5) In the relationship between the wife confined to 'domestic labours' and the husband who gives her 'means of subsistence': — when seen from the wife's side:	Half of the domestic Labour that Wife gives to the husband — Half of the maintenance that the wife takes from the husband. C — C
— when seen from the side of the husband:	Half of the domestic labours that the husband takes. — Half of the maintenance that the husband gives. C — C
®	®

— If the wife performs not only 'domestic labours' but also outside labour:	Concerning the outside labour: That woman becomes a productive or unproductive worker under a master. Or if she does 'Independent labour', she becomes 'Independent worker'. The formulation depends upon that labour relationship.
6) Bourgeois woman who does not do any labour in the house as well as outside.	If this woman has either 'land' or 'productive enterprise', she becomes an employer; every thing like 'male master'. If she lives on what the husband exploits and lives like a useless being who does not do even 'domestic labourers'.

In all these 'labour relationships', 'exploitation of labour' is present only where there is master-labourer relationship.

11. Conception of capitalist economists regarding 'productive-unproductive' distinction

Just as the conceptions of capitalist economists are false with regard to every issue, they hold false conception in this matter as well. Unless one understands the actual fact that 'profit comes from the labourers', it is not possible to arrive at the correct understanding that 'labour that increases capital is productive labour' and 'labour that spends the income is unproductive'. Hence, economists too hold wrong notions with regard to this productive-unproductive distinction.

All wrongs regarding any issue will not be alike. They are of different kinds. Similarly, wrong notions of the economists in this issue (regarding productive-unproductive distinction) also are not alike. They are of different kinds.

According to the conception of some economists, "labour that produces articles is productive labour and labour that is carried out in the form of work is unproductive labour.

According to some, all labours are productive; there is no such thing as 'unproductive labour'.

According to some, every act is productive labour: whether a person sits or stands. If a person sleeps, it is a much more productive labour.

Many capitalist economists hold the view that "whatever a person does, it is a productive labour". The reason for forming this kind of opinion is that they do not have a proper understanding of 'labour'. In the view of this kind of economists, theft, burglary, murder, prostitution, war ...all these are as much productive labours as the tailoring, weaving, agriculture, driving the cart etc., are. Any act that produces a result is productive labour. With an understanding that 'every work produces some result or the other', these economists assume every work as 'labour' and treat it as 'productive labour'. Their tactful argumentation goes like this:

'Locks are produced because of burglary. Bank notes are produced with high quality because of forgery. Various instruments of torture and the engineers who devise them are produced because of torturing. Venereal diseases, medicines and doctors are produced because of prostitution. The police, jails, courts, lawyers and judges are produced because of crimes. Hence, all jobs are productive labours only. Since some thing or the other is produced by every act, all acts are productive labours! What is the difference between production of this thing and that thing? Philosophers produce 'ideas'. Poets produce poems. Religious teachers produce sermons. Professors produce books. Criminals produce crimes. Every body will have his/her own production! All are productive labours!' This is how their argumentative power would be!

If we just take one example that 'locks are produced because of burglary, why should there be burglary and why should there be production of locks? Locks are necessary only because of burglary, aren't they? What is the loss to the human society if there are no locks?

Not only that there is no loss to the human life if there are no burglary and locks, there would be lot of comforts! Lot of peace! But it is a great loss to the capitalist society if there are no burglary and locks! Owing to the generosity of burglars, the capitalist human beings undertake 'industry of locks', produce and sell hundreds and thousands of locks daily and fills pockets with profit. Only if the burglars work zealously, the 'burglars' that get locks produced will be able to amass money enthusiastically!

The locks industry too is one of the branches of production. the production of these locks is not confined to only one region or one country but is found throughout the world. It is obligatory to produce and sell lacs of locks everyday in the world. Each lock has to undergo repair intermittently. So much labour has to be carried out daily on this activity. Not only locks but also all other articles and arrangements that are necessary for the protection from burglary are 'great industries in the capitalistic view.

If some great change occurs in the whole world and burglary disappears, there won't be any need for locks from that moment. The lock-industry would disappear.

The capitalistic human beings cannot tolerate even a little obstruction to the 'locks-industry'. They want the society to flourish with 'three burglaries and six locks'. Hence, all the burglars and bandits appear to the exploiters and their economists as those who perform useful labours.

In the capitalistic view, production of locks is as essential as production of grain in the human society. According to them human beings cannot live without locks just as they cannot live without grain. They cannot imagine a society without burglars and locks!

As it is not possible to live without locks in an exploitative society, locks are in fact as essential as grain within that social context.

Exploitative society is such that it facilitates burglary on the one hand and produces locks on the other. On the one hand it gives rise to crimes and on the other hand, it innovates punishments. But locks cannot prevent burglary and punishments cannot stop crimes. The whole situation will always remain unchanged. But the capitalists will be able to fill their pockets, bags and banks with mass of money by means of any kind of labour—whether it is labour or not—and by any means.

When they say all labours are productive, the real specificity of the productive labour goes out of sight. When they do not understand productive labour properly, the fact —that the 'entire money (entire value) found in the society is produced by productive labourers only"—becomes unintelligible. Both productive and unproductive labours are responsible for the comforts and luxuries of the capitalist class. But, it is productive labours alone that is responsible for the 'heaps of money' of the capitalist

class. The specific relationship between 'capital' and the 'productive labour' which increases capital will go out of sight due to the expression that 'all labours are productive labours'.

One reason for the inability of capitalist economist to understand the specificity of the 'productive labour' is that he does not understand that there is a difference in the sale of labour by the 'wage labourer' and the 'independent labourer'.

An Independent producer sells his labour some times and produces and sells articles at some other times. However he may sell, he would get back his 'value of labour' wholly.

The wage-labourer simply sells his labour to his employer. He does not produce and sell things. If a producer has such an opportunity of producing and selling articles, he would not have become a wage-labourer at all. As the wage labourer always sells his labour to his employer, the employer will be able to extract some part of that labour for himself.

In each instance, whether the wage labourer sells his labour to the employer for the commodity production or for the personal need of the employer, he would lose 'surplus labour'.

But the capitalist economist does not understand any of these things. To this capitalist economist, productive labourer, unproductive labourer, independent producer, all mean the same. Sale of the labour of all these people is identical. All relations are the same. Whatever be the labour, whosoever may do it, wherever they do it...every thing is the same.

When the economist held the wrong notion that 'all labours are identical and all labours are productive labours", Smith arrived at a correct understanding of the issue to a large extent thus: 'All labours are not identical. All labours are not productive. Labour that increases money is productive labour and that which does not increase is unproductive labour'. Though Smith expressed such a correct understanding, he was still ambiguous. It is not enough to say that productive labour is that which increases capitalist's money. He has to explain the process as to how that labour increases the money of the capitalist. Smith did not have clarity as to how productive labour increases capital.

The examination of 'productive and unproductive' distinction began with economists called 'physiocrats' who preceded Smith.

Physiocrats were the economists who held the theory called 'Physiocracy'. 'Physio-' means 'nature'. '-cracy' means 'rule'. Physiocracy means 'rule of the nature'. This theory holds that 'value' arises only from the nature. This theory began in France in the middle of 18th century. Quesnay is the originator of this theory. Until the advent of this theory, there was another theory which argued that 'value' increases only by means of 'trade' (that is, only in the process of circulation). Physiocracy was a step forward from such kind of ideas.

Physiocrats assumed that capital invested in the sphere of agriculture alone is 'productive capital'. It means that capital invested in 'agriculture' alone functions 'productively' (that is in such a way that it increases itself) and the capital invested in 'industry' does not function so (does not increase so). Physiocrats assumed so because agriculture is carried on the land (soil). In agriculture, seeds that were sown in the soil grow as big plants/trees and give grain, fruits and wood. Thus, in agriculture, more production that is many times greater than the initially spent production is visibly obtained. The reason for this is land and other aspects of the nature. Land is a natural means of production (that which has not been made by the human beings).

More production from less production is not obtained in 'Industries' as it happens in 'agriculture'. Take any industry, some portion of the raw material goes waste and the final production will be of lesser weight than the raw material. If a shirt is stitched with a cloth, the weight of the shirt will be less than the weight of the cloth. But, if we don't understand these things properly, we cannot understand any aspect of production.

Since 'more production' is obtained by means of 'less production' in agriculture, it was possible to misunderstand that 'more value' is obtained with 'less value' and it does not happen so in industry.

But, if land (soil) yields more production in agriculture, it does not mean that it gave more 'value'. Land plays the role only with reference to 'production' but it will not have any role in yielding value. It is 'labour' alone that plays the role of increasing 'value'.

If the amount of labour performed is equivalent to the amount of 'value' spent by the capitalist to produce an article (e.g., grain or cloth) in either agriculture or industry, there won't be any difference between the value initially spent and the value of the newly produced article. Both

will be in the same quantity. Instead, if the amount of labour performed is greater than the value spent initially in the production process, the value of the production increases. This happens not only in agriculture organised by the capitalist but also in Industry.

But the limitation of the understanding of Physiocrats is the assumption that 'capital' functions productively by producing more value than its original value; this happens only in the sphere of agriculture; and the land is responsible for that increased value. But, production of more value takes place in the same matter in any branch of production where capital functions. Further, it is the surplus labour of producers but not either land or other aspect of the nature that is responsible for that 'more value'.

Physiocrats might have had any number of limitations, it was a great thing, of those times, on their part to express an innovative idea that 'a capital becomes a productive capital only when it is able to produce more value than its original value'. There was no productive-unproductive distinction in the economic science until the advent of Physiocrats. A systematic examination of the capitalist mode of production began only with Physiocrats.

In the subsequent period, Smith rectified the mistakes in the conceptions of Physiocrats. Smith explained that the 'production of value by capital in greater value than its original value' takes place not only in agriculture but also in industry. But he committed a big blunder in explaining this fact. He observed that 'the production obtained from the land and mines brings back not only its capital but also other capitals in the society along with their profits". It means that the production obtained from the land and mines gets back not only its capitals and profits, but also capitals and all profits. Which means, agriculture itself produces the profits that should come to industry as well.

Agriculture and mines together give 'raw materials' to all industries in the society; but how can they give profits that should come to industry as well? The 'surplus labour' of a given industry gives profit (surplus value) to that industry. That itself constitutes 'surplus production' of that industry. Though Smith explained this issue in a very mistaken and confusing manner, his opinion—that "capital functions productively in all branches of production. More value than the initially invested value is

produced in all the branches—was a big step forward in the then existing ideas of economic science. If the Physiocrats went a step froward Smith went a bigger step forward based on the Physiocrats. All this is an evidence to show that all the past economists went forward in a very confused manner while understanding the features of capitalist mode of production. In any science and in any aspect, it is inevitable to proceed with wrong steps before grasping the correct point.

In the view of Ricardo, 'productive labourer' is an 'unfortunate person'. Because, according to Ricardo, 'productive labourers are obliged to do more labour for the profit of the capitalists!' It means that Ricardo knew that workers perform as much labour as requested to enable the capitalist to obtain profit, instead of performing labour that is equivalent to the wages. However, Ricardo expressed the opinion that it is obligatory for the worker to give 'profit' to the capitalist and therefore he has to do more labour and hence it is the misfortune of the labourers. He showed sympathy for the productive labourers with an attitude such as: "What can we do? It is very unfortunate! It is very sad!" and so on.

The sympathy for unproductive labourers would be in a different manner. If productivity rises in industries, profits of the capitalists would also rise further, wouldn't it? Then the capitalist will raise your wages also a little. As the productive forces go on increasing, your wages will also increase a little"—This is how (Ricardo) consoles the unproductive labourers.

If productivity increases, 'mass of production' also increases. But, even then what workers receive would only be wages ('labour power' only). The rest of it goes to the capitalist. It means that, owing to the rise in productivity, the portion of profits of the capitalist alone increases, but there won't be any change in the case of workers. Ricardo did not find any paradox though the conditions of workers always remain the same however much productivity may rose. According to this economist, productive workers are 'unfortunate persons' who are always obliged to produce 'profits' for the masters. The unproductive labourers, on the other hand, are 'beggars' who wait in the hope: "our masters will also raise couple of paise after the rise in their profits". All this is rational in the view of this economist.

In the view of Ricardo, the industrial capitalists are those who are immersed in the 'productive labour' while landlords are 'unproductive band' who simply eat and sit idle without any work. Similarly, in the view of Carey, all the merchants are unproductive persons.

As the 'economists' also split into as many kinds as the 'surplus value' splits, all these economists take pains to describe the activities of those capitalists in whom they are interested as 'productive'.

Economists who are especially interested in the productive capitalists raise the 'productive activities' to the skies and praise them. They do so not to say that 'productive labourers alone produce for the whole society'. It is only to declare that the productive capitalist alone is working hard and organising production, while those who swallow commercial commission, rents and interest are sitting idle and passing time. To those economists who eulogise the productive activity, only special talents of the productive capitalist appear in that activity; but the living beings called 'productive labourers' do not appear at all. No economist utter the word 'labourer'

In the presence of those who charge commission, interest and rent, the productive capitalist tries to popularise himself as great 'hard worker' and productive person. Looking at this others get heartburn. They angrily consult their respective economists.

"What? Why is this 'commodity-fellow' proudly extolling 'productive activity! Productive activity!" Is he doing spadework for himself? Who doesn't know about this kid? Why this self-glorification before us? He is making gibes as if all of us are simply eating and sitting idle while he is working very hard and is sweating it out! Teach him a lesson!" thus annoy the other guys who are opposed to the productive capitalist.

The economists overwhelmed with anger for the humiliating situation of their masters react wildly thus: "If we sit at home, he sits in the factory. Is it not the only difference? In what way is he doing anything more than 'sitting'?

The assistants of the economists say more actively thus: "When does that fellow go to the factory, sir? It is the managers who do all the jobs. That guy too sits at home"

"Well, then, write the same thing!" say the unproductive capitalists.

"It doesn't take much time to write, but...."

"Why then the delay?"

"No question of delay? But...well, no sir! Let's not do it! However much we may be opposed to each other, we are all one, after all! If we fight among ourselves accusing each other... "You are idly sitting and eating..." we will become 'small' in the eyes of the 'workers'. "Oh! Is this the actual fact?" thus realising the actual fact, they would drag us to work. They are so wicked!"

"That is also true, but what about the argument of these industry-fellows?"

"I have thought about it. It is not the way to say that theirs is not labour if they say that ours is not labour. What is the use in fighting among ourselves? It would be better if we think that all of us are doing labour", isn't it? Is 'sitting' not a labour? Don't we get backache by sitting, sitting and sitting? A worker will not have as much labour as a sitting-person has. What the industry fellow does is labour; ours's is also labour! Whatever every body does is labour. Not an empty labour, but productive labour too!"

"But they say that Smith had already declared that 'all labour is not productive. Only that labour which produces a commodity for the capitalist is productive labour"

"Let him say! The matter will be closed if all of us say together that we will not accept him. Is there any rule that we should accept him? Is there any rule that we should accept whatever any body says? If it is so, atheists have been arguing that 'there is no god', don't they? Are we accepting all that they say? Don't we worship god? Whoever wants to say anything, they keep saying things. We accept whatever we like and we leave out whatever we don't like. If we go by what Smith said, all of us would not be productive persons. Tomorrow, some other fellow will come and say some other thing. Day after tomorrow, yet another fellow will come and ask us to get down to 'work'. We will be finished if we keep accepting all that they say".

"Okay then, write it down quickly. It will quickly be known to the Industry-fellow. Write down that we are also doing the 'labour of sitting'

like him. What do you say Mr. Landlord?" saying thus the money-lender looks at the landlord.

Mr. Landlord maintains silence by twisting moustache and by looking serenely. Mr. Landlord's colleagues have only one labour, that of 'sitting', whereas Mr. Landlord, pitifully, has to do the 'surplus labour' of twisting his moustache as well, hasn't he?"

Vulgar principles...such as 'whoever does whatever work, it is a productive labour only"...came into existence only in order to protect this 'band of idlers'.

But, of all the different spheres of activities, namely, production, commerce, interest, rent, taxes etc., the only production sphere is the real productive sphere of activity. This difference between the production-sphere and all the other spheres in the society also appears to the capitalist to some extent or the other—whether they did not understand that difference clearly.

The production-sphere alone forms the basis for all the spheres of activity in the society. The real 'actors' in this production-sphere are only the 'productive labourers'. But, the capitalist economists and capitalist intellectuals do not at all like to recognise this fact. In their view, it is the 'productive capitalists' alone that are responsible for all the production activities that take place in the society. (Workers do not exist in their view). As these capitalists themselves act as managing directors are actually and originally responsible for the entire production! Next to the directors, managers are responsible for the entire production! Next to the directors, managers are responsible. It means that these directors and managers are purely and simply responsible for the entire production in the society!

Every year on a particular date, the capitalist government is overwhelmed with admiration for the service, which these managers and managing directors rendered to the society. It declares prestigious awards to 'the best' and 'the best among the best' managers and managing directors.

Why those prestigious awards? One for a person who achieved a high standard in raising production; another for a person who demonstrated extraordinary talent in managing enterprises.

'Raising the level of production' means ignoring the problems of workers and making them work by oppression! The level of production rises only if the workers are made to work ever more. Managing the productive enterprises means suppressing 'head-aches' such as 'strikes'. 'Talented' management of enterprises is possible only by such suppression. These acts are great services to the capitalist class. But they depict these 'services' as 'services required for the society'. Well, how else can they otherwise depict them, if not in this way? Instead of saying that 'they rendered service to the society', they cannot openly say thus: "All these persons have rendered a very good service to our exploiting class; they have put in best efforts in exploiting labourers". Hence, they give those awards praising thus, "All of you have done great service to the society. Both those who give awards and those who receive them knew the actual fact. It is only labourers who do not know the actual fact.

Every year big awards should compulsorily be given to managers and managing directors for another kind of hardship if not for the services rendered to their class. It is a pity that they do the hard work of sitting, sitting and more sitting in spacious air-conditioned rooms on the cushion seats and getting back-aches, don't they? To make their backs straight, they keep doing morning-walks and evening-walks, don't they? Instead of those walks, if they were made to hold the weight of girder-like big shields in the name of these awards, those aching-backs would at once become straight as soon as they hold those shields on the dais. Thus, such girder-like shields are very much necessary for their health. It would be very nice if they write as follows: "We are making these people hold this weight of girders as a form of treatment for their back-aches". But they don't write that. This is what they write: "A very great person named so and so has rendered such and such service. He has also undertaken activities in such and such manner in the sphere of production. He has built the society exclusively on his services!" They carve on those girders such lies in golden letters.

This kind of carving of lies has been their right from the ancient times. Only kings, big kings and emperors are responsible for each great activity in the society! They constructed great mansions and other buildings, highways, irrigation projects, travelers' rest houses, sculpture, not only this, not only that, every thing but every thing! They are responsible for all kinds of activities. Their talent and creativity are responsible for all the constructions.

Exactly, capitalist directors and managers are responsible for the production-sphere in the capitalist society. They are lifelines!

Luminaries belonging to the spheres of trading, money lending, land-rent etc., occasionally become disheartened because this kind of fame is not extended to their spheres. The economists who cannot withstand the sight of tears of any body try to make people happy by such consoling expressions as "Whatever is done and whoever does it, everything is productive labour. All are productive labourers only."

If we think reasonably, when managing directors are also considered as 'productive labourers', why can't the money-capitalist be considered as productive labourers? Why so much discussion about these people? All the giant personalities belonging to industry, trade, money-lending, rents, taxes etc., who never come to the surroundings of the 'production place' are production luminaries only! —Excepting the labourers who linger on the 'production place' day and night!

12. Distribution of 'mass of production' of the society

Here, we will see as to how the total 'mass of production' produced in the society in a year is distributed among the entire population of the society. As we have seen once earlier, we have to assume that this 'mass of production' includes all kinds of things, substances and facilities. This is an annual mass of products produced in the society beginning from a 'stick in the matchbox' to 'air-travel facility'. It is the totality of the productive labourers who produced this. It is the totality of the productive capitalist of the society who got this produced. As the state (government) too is a capitalist, the sum total of the production undertaken in the productive enterprises run by the state and the private capitalist constitutes this 'mass of production'.

If we consider this 'mass' as pertaining to one year, all the items would be concerned with that one year. Or if that mass were concerned with 'one day', all the items would be concerned with one day. We may assume either way.

Let us suppose that there are some readymade garments, some cloth, some yarn and some cotton in the 'mass of products'. In this example, except readymade garments, rest is raw materials. As all exist separately,

each has its own value. It means that in one 'mass', there will be different kinds of products: raw materials that had undergone various phases of their production, half-finished products, finished products and so on. Later, cotton goes to the yarn-branch and yarn to cloth-branch. This is what happens later. At any point of time, when we see the 'mass of products' in the whole society, each of the product in that mass will have its 'value'. All values together become the 'value of that mass'.

The productive labourers in the cloth-branch produce the entire cloth found in that 'mass'. Similarly, productive labourers of each branch produce each of the concerned commodities: sugar by all the labourers in one branch; medicines by all the labourers in another branch; machines by all the labourers in yet another branch and so on. This mass is spread across the society. It exists in the form of small masses in different places of different capitalists. All the capitalists might have invested some capital on their respective mass. Productive labourers work in different batches under different capitalists.

Here we leave out all those differences. We will combine all the capitalists.

All the individual capitals taken together	one single, big capitalist.
All the individual capitals taken together	one single capital.
All the individual productive labourers taken together	one single group of productive laborers.
All the individual masses of products taken together	one single big mass of production.
All the individual wages taken together	one single sum of wages.
All the individual values of products taken together	total value of all the products.
All the individual 'surplus values' taken together	total social 'surplus value'.

It means that now our calculation would be concerned with the entire society instead of individual branches and individual production enterprise within each branch.

The distribution of the total 'mass of products' takes place in 2 phases. First, it gets distributed between the productive labourers and capitalists. Later, certain portion of it goes to the unproductive labourers. That is, productive labourers give certain products from their 'wages' to the unproductive labourers and take from them the necessary labours. Similarly, capitalists give certain products from their 'surplus value' to the unproductive labourers and take from them the necessary labours. This is the second stage distribution. With this, distribution of the whole 'social mass' will be complete. We have to see in little more detail about this 'distribution'.

We have to understand this distribution from the perspective of 'value' as well as the perspective of 'use-value'. When we see from the 'value' perspective, only value calculations as to which class receives what portion of the total value appear. When we examine it from the perspective of 'use-value', we will know as to which class gets what sort of products—their quality and quantity—along with the value calculations.

We have already assumed in the beginning itself that this 'social mass of products' includes all kinds of use-value: beginning from the 'needle' to the 'aero-plane'. We have to imagine that this mass contains products that are in the form of 'articles', products that are in the form of 'facilities', articles of luxury and every thing.

Let us suppose that the value of this huge mass is 1200. (We may suppose it as 1200 Lacs or 1200 crores. Either way is all right. Lower the figures, greater the simplicity of the examples). This 1200-value consists of constant capital, variable capital and surplus value (c + v + s). Of this, the value of constant portion is, let us say, 200. Which means, means of production of 200 value have been spent to produce that mass and the means of production have been newly produced and found in that mass with the same value. If we deduct those means of production, there remain products of 1000 value. This value of 1000 itself is the value of productive labourers. From this 1000 value, only some portion goes to the labouring class as wages and the rest goes to the capitalist class as surplus value. In order to know as to which class got how much out of this 1000 value, we

have to assume here some 'rate of surplus value' as an example. Let us assume the surplus value here as 300%. The rate of surplus value in capitalist would in fact be greater (thousand percent) than in the past exploitative societies. Because, productive forces will have increased many hundreds of times than in the past. But, what the labourers receive is only wages as usual. That is why, we can easily imagine that the 'rate of surplus value' is in thousands of percentage. This rate does not appear in any of the calculations of any capitalist. Certain expenses are not found in the calculations of the capitalists. All the available calculations are false. When we see as to how many sections of the exploiters are consuming the surplus value in so large a quantity. There won't be any exaggeration in imagining the surplus value at the level of thousands. But in order to make our example simple, we have been assuming the rate of surplus value as 100% since the beginning. Now let us see it as 300%. Even this is a very low rate. But, in order to make our example simple, let us take this rate only. If the rate of surplus value is 300%, wages are 100 and surplus value is 300. If wages constitute 1 portion, surplus value constitutes 3 portions. Following this calculation, we have to divide, out of our 'mass of production', the 1000 value which the productive labour produced. If we divide 1000 into 4 parts and allot 1 part to wages and 3 parts to surplus value, we get 250 for wages and 750 for surplus value.

The value of the total mass of production is 1200. Means of production is 200; rate of surplus value is 300%. Wages are 250, surplus value is 350.

Now, we will see each of the portions of constant, variable and surplus value individually and separately.

1) 'Means of production' in the 'mass of production'

Out of the total 'social mass of production', it is possible to use certain other products for 'individual consumption' while it is not possible to use certain products for individual consumption. Rice, clothes, fruits, medicines and such other products exist as products, which we may use for 'individual consumption'. (We can use such products as fruits and medicines immediately. In the case of products like 'rice', it is possible to use them only after doing some more labour. Though there are these kinds of differences, all these kinds of products are useful as means of subsistence).

But, it is not possible to use all kinds of products in the 'mass of products' for individual consumption. If there is a 'bale of cotton' in the 'mass of products', it is not possible to take it home and use it. A bale of cotton produced in the production place of one capitalist has to go to the production place of another capitalist. There it is produced as cloth and from there it goes to the houses of the capitalists and the workers. Likewise, a printing machine produced at the production place of one capitalist will go to the production place of another capitalist. There, various kinds of books, magazines, pamphlets are produced by means of that machine and they go to all the houses. It means that it is possible to bring certain products immediately to the house from the 'mass of production' and use them, while it is not possible to do so in the case of certain other products. Some such things, which are not possible to be used like that, are raw materials, instruments of labour, auxiliary substances and the like. We have to use them at the 'productive places' as 'means of production' only. These are meant for 'productive consumption' only and not for 'individual consumption'.

All the means of production are distributed among the capitalists only.

In certain work places, only such articles, which serve exclusively as means of production, are produced. The sales and purchases of these things take place among the capitalists only. The workers do not have any need to purchase them.

In the remaining work places, means of subsistence are produced. As all persons require them, both capitalists and the workers buy them.

Here we have to see 'means of production' only. Their distribution takes place among the capitalists only. This is how it happens: Let us see what happens at the place of an individual capitalist. When a 'cloth-capitalist' gets cloth produced, certain means of production are consumed. Their value is transferred to the new commodity (cloth). When the cloth is sold, that value returns. With that returned value (money), that capitalist buys, from other capitalists, new means of production of the same kind that are necessary again in his work place. They again come to the work place. What has happened here is this: Though the means of production at the work place are consumed in producing the cloth, their value is not consumed. It has got transferred to the new cloth and adds to that

commodity. With that value alone, new means of production have again come into the work place. It means that the new means of production are being produced with the value of the previous means of production. The value of the means of production always rotates around the means of production only. This happens not only in the work place of an individual capitalist but in each and every work place. If we combine all the work places, it will be society at large. What is it that goes on in the society? All kinds of means of production in different branches of production are constantly consumed. New ones are constantly produced. But, their 'value' is not produced afresh. Their previous value alone gets transferred from one process to another.

The fact that means of production of 200 value are consumed to produce a 'mass of production' of 1200 value means that living labour of 1000 value is consumed. The value of the means of production adds to the value of living labour and the value of the whole mass became 200 + 1000 = 1200. The mass thus newly produced includes again new means of production of 200 value.

It is not possible for either workers or capitalists to use means of production individually. It means that it is not possible for any one to use the value of means of production (200) individually. All the capitalists sell and purchase, from one another, the means of production that are in the newly produced mass. On the whole, all the rights over the means of production belong to the capitalists.

The class of productive labourers and the class of capitalists have to distribute means of subsistence of 1000 value that remains after keeping aside means of production of 200 value from the mass of production of 1200 value.

2) Portion of wages of productive labourers in the 'mass of production'

This is the portion of wages of productive labourers who work in all the 'productive enterprises' in the society. The enterprises include those, which produce 'means of production', and those which produce 'means of subsistence'. According to our example, the value of these wages is 250.

The wages of productive labourers will be different according to

the differences in their labour. Some will have higher wages and some will have lower wages. If one kind of labour has a wage of 5, another kind of labour will have 3. Yet another labour will have 7. (As we are examining the value of the 'mass of annual production', we have to suppose these wages too as annual wages. Also, we have to assume that special privileges that some employees receive are only part of their wages). The sum total of all the different wages is 250. This is the 'value of labour power' of the class of productive labourers. Capitalist economist calls it 'labour fund'. We have seen this point in the chapter 'Value of labour power' in volume 1.

This labour-fund itself is the 'revenue' (income) of the class of productive labourers. Of this, the wage of a labourer is his 'revenue'. Every labourer gives away his income to the market and receives 'means of subsistence'. It means that, all the productive labourers produce means of subsistence of 1000 value with their labour and take products of 250 value only for themselves.

Let us divide productive labourers into 3 sections. (1) Those who perform high-level mental labour, (2) those who perform low-level mental labour + those who perform high-level manual labour, (3) those who perform low-level manual labour. In fact, productive labourers (unproductive labourers as well) in an exploitative society are composed of many sections. But, to make our example simple, we are dividing productive labourers into 3 sections only.

Of these 3 sections, the first one, that is the section of high-level mental labourers use luxury articles like the capitalist class to some extent. It also uses unproductive labour for housework. It means that it can spend some portion of its wages on unproductive labour.

The 2nd section uses luxury goods as well as unproductive labours to a very small extent.

The 3rd section does not use them at all even as a sample. Of all the productive labourers, this section of manual labourers constitutes the largest of all the sections.

On the whole, these productive labourers spend their wages on buying various productive and unproductive labours. Many such commodities as rice, clothes, milk, medicines, etc., are those which are

bought from the capitalists. Watching movies implies purchase of a commodity from the film-capitalist. Travelling in buses and trains implies purchase of those commodities from the transport-capitalists. Paying charges for electricity and water implies purchase of commodities from the state-capitalist. Paying fees of the children to the school implies purchase of commodities from school-capitalist. Paying of money to a private teacher implies purchase of a commodity from an Independent producer. Employing drivers, gardeners and watchmen implies purchase of unproductive labours.

Besides buying these articles and unproductive labours, the class of productive labourers pays various kinds of 'taxes' also. The first section of this class pays 'income tax' also. If we suppose that the entire class of productive labourers paid 50 toward government taxes, 50 out of 250 wages of this class gets reduced. These labourers can spend only the remaining value of 200 on the necessaries of life.

What does paying some value in the name of 'taxes' to the government mean? It means that, in lieu of the taxes, we are receiving unproductive labours supplied by such governmental unproductive organisations as government hospitals and government offices. But, the working class does not get the unproductive labours supplied by the government in the same way as the capitalist gets. Even within the working class, other sections do not get it in the same way as the section of high-level mental labourers get.

Let us suppose that sections of manual labourers also make use of the state-run unproductive organisation (that is, government hospitals, government schools, courts, registration offices and such other organisations) to a very small extent. But if we take into account the bribes that are to be paid for the labours received from those organisations, it amounts to the payment of the full value of those labours. Or even if this section of labourers utilise (without giving bribes) the unproductive labours of the state-run organisations, it is so negligible that we need not take it into account. Moreover, these sections of manual labourers do not employ unproductive labourers at their houses. Hence, these sections do not get 'surplus labour' from the unproductive labourers.

If we consider the first section within the productive labourers (that is the section of high-level mental labourers), this section receives

unproductive labours from the state in lieu of the taxes that it paid to the state. This section spends from its wages some portion on the unproductive labours to do housework. The fact that a doctor or an engineer who is a productive labourer receives some labour from the domestic servants implies that he receives 'surplus labour' as well from those servants. Thus, if we exclude some unproductive labours and some luxuries, which the high-level mental labourers receive, the working class spends its entire wages mainly on the 'necessaries of life'.

All the necessaries of life, which the productive workers use, constitute 'individual consumption' on the one hand and 'productive consumption' on the other hand. This portion is a part of 'capital'. These productive labourers retain their 'labour power' with these necessaries of life. In our example of mass of products of 1200, means of production of 200 value and productive wages of 250 value together are 450. These constitute products that are used productively.

3) The portion of 'surplus value' in the 'mass of production'

After deducting the value of means of production and the value of wages of productive labourers from the 'social mass of production', the whole thing that remains is 'social surplus value'. This social surplus value first gets distributed to different persons under various labels: commercial commission, interest, rent, taxes, profit etc. Distribution of 'surplus value' to the members of exploiting class is the first stage in the distribution. The second stage involves expenditure of respective incomes. The entire 'surplus value' is a portion that is spent unproductively (unless some portion of it is added to the capital again). There is no connection between this surplus value and the new production. This value will not return to the capitalist class. Hence, this is unproductive consumption for them.

All those who share the 'surplus value' spend their respective income on the 'necessaries of life', 'luxuries' and 'unproductive labours'. They may also pay some taxes'.

The capitalist class requires unproductive labours at home and outside. All the domestic services are unproductive labours necessary in the house. Military labour, court duties, work in the offices etc., are unproductive labours that are necessary outside. The capitalist class gives

some products from its 'surplus value' as wages to the unproductive work necessary at home and outside.

Surplus value in the mass of production of 1200 value is 250. Let us suppose that the sharing will be as follows: productive profit is 150. Commercial commission is 130; of this, commercial profit is 70. Interest is 80. Land-rent is 100. Taxes are 200. The portion of surplus value which others eat is 90.

All the sections that do not perform any labour receive products from the mass of production under various names as follows: All the families of productive capitalists in the society get products of 150 value under the name of 'productive profit'. All the families of commercial capitalists get products of 70 value under the name of 'commercial profit'. All the families of money-capitalists get products of 80 value under the name of 'interest'. All the families of landlords get products of 100 value under the name of 'rent'.

Here, we have to see some details about the portion of 'taxes' and the portion of surplus value which others consume.

Taxes and other sources of State income:

The value of 'mass of social production' in our example is 1200. Of this, surplus value is 750; taxes to government are 200.

Private capitalists pay taxes towards their commodities and income. The state-run enterprises too pay taxes. All these taken together are 200.

If 200 taxes are deducted from the surplus value of 750, another 550 remains.

This amount of 550 is connected with both the state-run and privately owned enterprises. If the portion that the state-run enterprises should get is 130, even this is an income to the state. (After deducting 130 from 550, the remaining amount belongs to the private capitalist).

The taxes that the productive and unproductive labourers pay are also part of the income of the State.

A while ago, we supposed that the productive workers pay 40 as taxes from their wages of 250.

Similarly, let us assume that unproductive labourers also pay 40 as taxes from their wages.

The total income that the 'state' receives will be as follows:

1) Taxes from the state-run enterprises and private capitalists 200
2) Taxes from certain sections of productive labourers 50
3) Taxes from certain sections of unproductive labourers 40
4) Portion of surplus value from the state-run productive enterprises 130

Total..... 420

This is the 'income' of the 'state'.

The state in the name of 'administration' spends this income on unproductive institutions like police, military, courts, jails, assemblies, parliament, secretariat, collectorates, other offices, government offices, government hospitals, and government schools. (Of these, some are natural and some are unnatural. Some secure some income also).

Spending some income on some 'work' amounts to spending some means of production and some necessaries of life for the labourers who have to do the work. Spending some income on an 'institution' also means the same.

If we take an institution called 'court': it requires many kinds of means of production like a big building, chairs, benches, books, stationery articles, type writers etc., + wages (that is, necessaries of daily life). for all the employees working in the court. Which means, the state, in the name of 'taxes', takes all these products from the 'social mass of production' and spends it on the institution called 'court'. Similarly, the state spends some products on the 'police', some on 'military' and some on other offices—Thus, the state spends a lot of production from the 'social means of production' on its 'administration'.

Though the state produces to some extent buildings and other material required for its unproductive institutions through its productive enterprises, it buys large part of them mainly from the private capitalists. If it wants buildings for its institutions, it rents the buildings from the private capitalists and pays exorbitant rents. It enters into contract with

private building-capitalists to construct buildings. The state will not be concerned with such things as 'how much wages do the contractors pay to the workers and in what conditions do they make workers work for them. It also enters into contract with the private capitalists to decorate those buildings and to supply material for other needs. It has to purchase arms, uniforms and other material from the private capitalists only. It has to purchase medicines, clothes, books or any other commodity necessary for the government offices, government schools and hospitals.

Every year some buildings become old. Some buses become useless. Some wooden and steel materials wear-out. Some paper, some medicines, some clothes etc., are used up. Every year, the state has to purchase them again from the private capitalists. It means that the state funds serve as a great source for the guaranteed sale of the commodities of the private capitalists.

Capitalists compete with each other intensely in order to secure contracts to supply commodities to the government. Calling for 'tenders' to supply commodities necessary for the government and entering into contract with those who are ready to sell their commodities at the lowest value—all this is a big drama. All kinds of business knack and tactics play a role in securing these contracts. The capitalist who wins in that competition of knack and tactics will secure a contract of some lacs or crores. If there is a hope of getting contracts from the government, new capitalists emerge overnight. The government provides capital for those capitalists who do not have capital. (It gives loans at a low interest). It gives guarantee in the name of 'contract' thus: "Get the commodity produced, I will buy all your commodities". In this manner, large part of the state's income serves to provide market for the commodities of the private capitalists.

The groups of capitalists keep trying at various levels to retain in the government those persons who are favourable to them. An intense competition always goes on among the groups of capitalists at all levels from the village level to the level of the Capital City. This is to secure loans and contracts from the state and to see that the government takes decisions that are in accordance with their group interests.

The state, on the one hand, takes administrative measures to suppress the working class and on the other hand devises schemes that facilitate

the sale of commodities of certain groups within the capitalist class. Whenever there occur changes in the strength of the capitalist groups, parties and individuals that occupy higher positions in the government keep changing.

Let there be any kind of group fights among the capitalists, the state income, on the whole, in a given exploitative society, is exclusively useful to provide the exploiters with riches.

Let us examine the question of labours in state-run unproductive institutions. Just as in the productive enterprises, there exist all kinds of labours beginning from the most pathetic manual labours to high-level mental labours, hierarchical differences and manifold differences in wages and so on. The officers in the unproductive institutions too do as much 'handwork' as managers and directors in the productive enterprises do! Excepting the exhibitionism that these fellows organise in the institutions, there is no work at all for them that they do themselves. Even assuming that there is some work, there is no connection between that work and the income that they get for that work.

While spending its income, the exploitative government (State) also conducts some large-scale programmes concerning field of art and culture. It spends crores and crores of rupees on many such useless programmes as: exhibiting films belonging to different countries of the world, conducting 'sports competitions' by gathering sports persons of different countries and so on. On the other hand, while the labouring population is suffering with constant and unbearable poverty without food, clothing, shelter and medical care, the state very easily spends hundreds and thousands of crores on its large-scale cultural programmes. When seen superficially, this expenditure may appear to be very meaningless. But, this is a very meaningful and urgent expenditure for the exploiting class. The exploitative state invariably conducts this kind of false cultural programmes with a view to corrupt the working class with false cultural ideas and values and prevents it from getting involved in the struggle for the solution of their problems. These attempts achieve 'good results' to a large extent. The sections of high-level mental labourers, students, youth, women who are constantly confined to houses fall a prey to the influence of these programmes. They spend any amount of money to witness these programmes live. If they don't get an opportunity, they forget themselves and spend time by listening to the wonderful news over the radio, by

watching television and reading various magazines. In this manner, many sections within the working class are immersed in some 'intoxication' or the other. The same kind of programmes reappear in turns and periodically corrupts the thoughts and tastes of the working class and thus discharge their duty of corrupting people systematically.

The influence of these cultural programmes, conducted by the state, will necessarily be on the sections of manual labourers too. Each activity of the state appears to be 'great' to the people. In the context of this kind of understanding, labourers fail to hear their own cry for help. Their problems and rights appear to be meaningless thoughts to themselves.

When the state organises a cultural programme on a large-scale with an expenditure of crores of rupees, hundreds of capitalists get new contracts connected with the arrangement of that programme and they become 'gods of wealth'. Like killing of 'two birds with one stone', these cultural programmes effectively perform two functions: transferring the state income into the treasury of capitalists on the one hand, and corrupt the working class ideologically on the other hand.

Just as an ordinary agricultural labourer behaves so foolishly and indifferently with regard to such things as 'how the state in an exploitative society is spending its income', high-level mental labourers like doctors, lecturers, engineers and scientists also behave equally foolishly and indifferently. What is important above all is that the 'state' appears to be a 'great miraculous power'.

Both the classes hold wrong notions regarding the 'power of the state'. They hold such wrong notions as: "The state has huge heaps of money at its disposal. The state can very easily spend crores of rupees. There is no end to that money irrespective of expenditure".

Just as it is ignorant of many facts, the working class does not know facts concerning 'money of the state'. "Money means our own labour. It is nothing but the products, which we make. The entire power that the state has is nothing but transfer of our labour in the form of 'taxes' and 'profit of the state-run enterprises'. —This fact, the working class doesn't know!

Some part of the state income appears as if it is given as loans to the public. But this notion is also wrong. Giving loan does not come under expenditure. Loans will always return along with interest. In this

transaction, the state earns interest like a money-capitalist and there remains nothing to spend.

Others who consume 'surplus value':

Every capitalist compulsorily spends some money on bribes in his productive enterprise. The capitalists give these bribes in the case of evading taxes and securing orders. A capitalist can not secure orders from an enterprise/institution (either of the State or private) without giving bribes to higher employees like managers of a given organisation from whom he secures orders. The order will be issued only when the official of that organisation gets some bribe. If a capitalist thus spends some amount on bribes, where will he get it from? Naturally, from the value of his commodity. That is, from its surplus value. Whether bribes are given to evade taxes; or to secure contracts or order for the commodities; to judges for favourable judgements in the court cases or in any context—thus all that the capitalist class spends on bribes is nothing but from the surplus value obtained through the commodities. It means that a large portion is going away from the workers in the name of bribes just as large part from the fruits of the labour of the productive workers is distributed to various sections of exploiters in the name of profit, interest, rent, taxes and fake rents etc. Which means, in order to find out that amount of surplus value in a given production enterprises, we have to add these bribes as well and then calculate.

There won't be any such distinctions as state enterprise or private enterprise; big employee or small employees among those who 'eat' bribes.

As the capitalistic world is a world of 'commodities', wherever there is a 'value' and a 'relationship', there occur another value and another relationship in the name of 'bribe'. 'Bribe' means a gift received for having behaved illegally and immorally. This would be mainly in the form of money. Occasionally, it may be in the form of 'parties' and 'gifts' as well.

Productive workers do not play any role in taking 'bribes'. From whom can a weaving labourer or ploughing—labourer take bribes?

All the major events in bribery take place at the level of political leaders and big officials. The employees doing mental labour in the state-run institutions carry out the second level activities of bribery.

We may find both the rich as well as the poor among those who give bribes and also who take bribes. The contexts of bribery vary depending upon whether the bribe-giver or bribe-taker is a labourer or an exploiter.

If the bribe that a capitalist gives is part of 'surplus value', the bribe that a labourer gives will be a part of his hard-earned 'wage'.

Labourers like office peons and lower-level employees in the hospitals cannot take bribes from the rich and wealthy. They take bribes only from middle-level and lower-level people. If the poor employees earn some money from bribes, the consequence is that they get back some portion of the surplus value, which they lose. But this is a back-door method of getting back some thing, which one had lost. If a labourer takes bribe from a rich person, that rich person won't lose anything. But, if he takes it from other poor labourers, the number of products, which those poor people use, would diminish further.

Bribes that go on within and among sections of exploiters are linked with economic and political interests. Compared with the bribes that governors, presidents, collectors, judges, police officials and such others take, bribes that poor labourers like watchmen, peons, nurses and hospital-cleaners take are negligible. When we speak of 'bribe', we have to keep in mind mainly those bribes that the exploiters and the employees who perform mental work take.

Giving and taking bribes go on a large scale among the sections of exploiters of not only one country but also of different countries.

A 'ruler' who takes bribes can very easily hand over his 'land' to the 'enemy'. A political leader who takes bribes can very easily sell his ideals. A judge who takes bribes can very easily sentence innocent people to death. Thus, there won't be any cruel and immoral acts that bribes cannot accomplish.

If it were possible to count the money that is circulated as bribes in a society, that sum would be at a greater level than any other expenditure in the society.

The 'crime of bribery' arises from the same foundation from which all crimes in the society arise. The solution for this crime would be the same as that of all crimes.

Now let us see briefly by means of a figure how the annual mass of production is distributed in the capitalist society.

Annual Mass of Production

C V S

1 2 3 4 5 6

C= Means of production. No one can consume these 'means'. This portion is always meant for means of production.

V= This represents the wages of the productive workers. The sections of mental labourers spend some part of their wages on the 'unproductive workers' also.

S= This is the surplus value that all the sections of productive workers give to capitalist class. This will be distributed among the capitalist class. This will be distributed among the capitalist class under several names.

1) Commercial Commission: the section that consumes commercial profit through this commission spends some portion of its profit on unproductive workers.

2) Interest: Some portion of this is spent on unproductive labour.

3) Land rent: same as above.

4) Productive profit: Same as above.

5) Taxes: This is income of the State. Some portion of this is spent on state-run unproductive institutions. (e.g., police, military, courts etc.,).

6) Unproductive expenses: These are supplementary expenses connected with the 'productive process'. E.g., Bribes, labour of watchmen etc.

What do we understand from these details? It is productive and unproductive labours alone that are maintaining the entire society.

The capitalist class is living in comfort and luxuries by exploiting the working class and by not doing any labour.

13. 'Rich-poor' differences among the 'products'

So far, we have seen from the value perspective, as to how (that is, in what portions) 'social mass of production' is distributed. Now, we have to see the distribution of this mass from a use-value perspective. Here, we have to leave out productive-unproductive distinctions and consider only such distinctions as those who do labour and those who do not do labour. 'What sort of products do the labouring persons use and what sort of products do the non-labouring persons use'—is the main point here.

Products in a 'mass of production' will be of various kinds in the matter of quality. If we take the question of 'clothing', we find such distinctions in the cloth production as: fine cloths, coarse cloths and average cloths. If we take 'grain', it has such distinctions as fine grain, coarse grain and average grain. If we take 'residence': spacious buildings, average houses and thatched huts and so on! Take any commodity, it is the same. All the products in a 'mass of production' as a whole will be of different levels. Labourers who produced such a mass will receive products that are equivalent to the value of their wages from such a mass. Almost all the products, which the section of high-level mental labourers gets, will be of fine quality. Spacious houses, good food, good clothing—thus every thing they get will be of fine quality. As we go down in this section, the quality and number of products diminish.

All the products that the section of manual labourers gets are completely of poor quality. Tasteless and non-nutritious food, uncomfortable and unpleasant coarse clothes, dark houses without ventilation—thus, these sections of workers get all those products that are 'comfortless'. If these labourers want to get their clothes stitched, they get only unskilled tailoring. If they want medical care, they get it from unqualified or poorly qualified medical men! They get uncomfortable and narrow buses and dirty trains to travel! Though the 'mass of products' contains gigantic irrigation facilities, this section does not get good drinking water. No question of cleanliness of the body or the clothes. Can't think of educational opportunity, legal help and such other facilities. Thus, while these sections of labourers do not get many things at all, those things that they do are of the lowest level.

These labourers too get their wages in the form of 'money': don't

they? Why don't these labourers buy good products. Is anybody compelling them to buy only coarse commodities? True, no one is compelling them. They can buy any kind of commodity of their choice in the market. No one will say not to board the plane if they buy the ticket. All that is true. But, where is money to buy plane ticket? Similarly, how can the money that is there with the labourers be enough to buy all products that are best and of good quality. The labourers get only one kilo of good quality rice in the place where they get 10 kilos of jowar. They cannot get even a quarter kilo of fresh vegetables and fruits in the place where they get rotten and putrid vegetables. If they want fine cloths they will get only one shirt in the place of coarse cloths for the entire family. Sometimes, they may not even get it. The same is the case with all necessary articles.

Why are the 'coarse' commodities being produced at all in a 'social mass of products'? For whom are they being produced? For the sections of manual labourers only. Their wages are not adequate if they want to satisfy their needs with good quality articles. Since the wages of these labourers remain at an unimaginably low level, the products that they use must be made of very 'poor' quality if they have to be alive with such low wages. That is, they have to be made only of the smallest quantity of labour'. Commodities with less quantity of labour will be available at a low value, wouldn't? Only if such low-level commodities are produced, is it possible for the low-level wage earners to survive. If we put all the coarse commodities from a social mass of products at one side, they are the products that are available to the manual labourers.

All persons in the society have the right to board a plane; but all persons do not have money to do so. It means that all persons do not in fact have a right to board a plane.

Even the poor labourers too have such rights as right to take good food; right to wear comfortable clothes; right to live in comfortable houses; right to receive education and so on. But, they don't have money to have access to any one of those rights. The lack of these rights does not appear in the law. No one would say to the labourers thus: "You don't have the right to board a plane. You don't have the right to live in spacious houses". Their economic situation itself tells them. The very situation deprives them of those rights.

Now, if we look at the products that the 'exploiting class' uses, they will be completely different from those, which the working class uses. These fellows can buy any article with a lot of money since they possess heaps of exploited money. 'Lot of money' means 'lot of labour'; doesn't it? Each article that is meant for these fellows should be a rich article packed with a great amount of high quality labour. Tasty foodstuffs; fine clothes; spacious mansions; ship-like cars; comfortable first-class rail and air travel; adequate water to their buildings, gardens and swimming pools; nutrious food, medical care and special shelter for their horses, dogs, cats and so on.—Why only these? It is not possible to decide as to what is a luxury out of the articles that these people use. Where 'life itself is a luxury' and 'luxury itself is life', the distinction between necessaries of life and luxury articles vanishes.

Even if we take the decoration of a single room in the mansion of an exploiter, the labour that is spent on all the materials in that room—its glittering floor, walls, the colour schemes, carpets spread over the entire floor, silk curtains to the doors and windows, sofas in the rooms, almirahs, flower pots, fans, phones, air-conditioners, television sets—will be enough to construct huts for a lac of working class families. Thus, if we examine each and every product that the capitalist uses, we will find that 'masses of labour' that are necessary for the comforts of the lacs of working class families are spent on the 'necessaries of life' of that fellow. Each article that is produced for the use of non-labouring fellows should invariably be the costliest item. If they don't use such costly products, lots of 'surplus labour' remains unused. Though this 'gang of idlers' uses lacs and lacs of value for their necessaries of daily life, surplus labour still remains in huge masses—what does it mean if a rich family has various kinds of properties and heaps of money? It means that though that family is using a lot of value daily, there still remain masses of surplus labour in the form of so many properties and money.

14. Luxuries of Exploiters

The exploiters do not have even a single, small work to do either at home or outside. Servants too do even the work of opening and closing the car doors while they get in or get out of the cars. Their idle, luxurious life is at such an arrogant level. They need not move their hands and legs for any work in the whole day. However idle a person may be, he cannot

spend time sitting and lying all the time. The living body always wants some movement or the other. But, how can a body that does not involve in a natural 'labour' spend its time? It needs compulsorily some 'unnatural' activities for passing its time. That is, luxurious programmes. Hence, spending time amidst luxuries becomes the daily routine of the exploiters. Spending hours together imbibing various kinds of intoxicating drinks! For some time in the swimming pools and for some time with pet dogs! Passing time for hours and days together in horse races, gambling clubs, and brothels. A fellow becomes an expert in a given past time which he likes most. All these are only some items that figure in their list of luxurious pastimes. Obscene films of the present day also come under this category. Though labourers do not know as to what forms these luxuries assume, they can easily imagine that luxuries would exist in many more forms. Those forms will be in accordance with the rotten conditions of these idle brains.

Of this gang of idlers, a certain fellow, bored with ordinary past time, begins a sport called 'service to art'. He passes his time in this sport of gathering stones and the like. This exploiter-bandit who behaves like a miser to raise the wages of the labourers by four paise spends thousands and lacs of rupees and buys worn-out paintings, brass lampstands affected by verdigris, broken stone-statutes without ears and nose and arrange them in glass almirahs and silk veils and naming it as 'museum' and expects people all over the world to come and witness it and praise him for his 'artistic thirst'.

"I purchased this artistic piece for a lac", he will say as he shows a cullender. "I spent 13 lacs on this statue", he will say as he shows a stone shaped like a cone. In fact, that cullender is more appropriately useful as a lid on a large metal vessel with a large mouth and that cone shaped stone is useful for striking clothes against it. If some one is astonished thus: "14 lacs for this cullender and cone!", then that fellow, thinks people are astonished at his artistic thirst for spending money like a broken bits of a pot and is overwhelmed with a sense of self-glory.

When he says "I spent so many thousands on this; so many lacs on that", no one would say "Yes, you can spend it! What do you lose? All this is looted money. You can spend any amount." No one would also say: "Engage ten workers and get all these artistic pieces of brass melted. With that brass lump, get metal pots, buckets or vessels made! Distribute

them to poor people! What a greater service to art and humankind would be there than this?" As no one says anything opposing his artistic pieces, our fellow thinks that all are losing their consciousness with awe and admiration at his service to art. That fellow dumps further money on that activity and continues the activity of 'service to fame' in the name of 'service to art'.

His 'service to art' is so strange that he does not use his hands even on a single day in the service of those articles, which he praises as great artistic pieces! He does not do himself any work that is necessary for their cleanliness and protection. Servants are necessary for everything. Servants above servants. And above them supervisors, above them managers and above them directors!

If an artistic piece has to exist for generations, it is possible only by means of its cleanliness and protection. While that the labourers carry out drudgery of cleanliness and protection, our exploiter of lacs of rupees projects himself as a great servant of art in the pages of magazines and at meetings. As every commodity produced in the capitalistic world is an adulterated commodity, his 'fame' is also an adulterated commodity. But lacking natural ability to distinguish what is good and what is adulterated, he believes that, due to his 'service to the art', he would remain on this earth forever as long as the moon and stars or sun endure.

Thus, greater the level of luxuries of the exploiters, greater the expenditure of 'surplus value'.

The necessaries of daily life, luxury articles and the artistic thirst of the exploiters suck huge masses of labour every or any time. It means that, for all these needs, the exploiting class keeps appropriating a large portion of the products especially the portion of high quality products from the 'social mass of products'.

15. Different levels among exploiters

As there are different levels among productive and unproductive labourers, there are different levels among the exploiters who consume 'surplus value'. All the productive capitalists do not stand at the same level. All of them do not have the same amount of capital. If one fellow has crores of capital, another will have only lacs of capital and some other fellow will have it only in thousands. Similarly, all the landlords do

not possess the same extent of land. If one fellow has thousands of acres, another will have only hundreds of acres. Similarly, there will be differences of big and small among the money capitalists and commercial capitalists. Therefore, whether the members of a family that live on exploitation do any jobs or not depends upon the amount of capital and the extent of land that the family possesses. Greater the amount of capital and extent of the land, farther the members of that family from labour.

Some members of a family that gets income through any of the portions of surplus value may be doing some jobs. The son of a productive capitalist may be working as an engineer. The daughter of a money-capitalist may be working as a teacher and the son of a landlord as a doctor. A person who does a job receives wage for that job.

Suppose that a family gets some income through 'land rent'. Also suppose that the members in this family are doing high-level mental labours. It means that the total income that this family gets consists of one portion through 'labour' and another portion through 'exploitation'.

The same is the case with an individual also. An individual possesses some land. He gave it for rent. He possesses some money as well. Apart from these two, that person is doing a job also. For that he gets a wage. Suppose it is 100 that he gets per month as wage. He gets 150 per month from 'interest'. From the land rent he gets 250 per month. His total monthly income through these 3 sources is = wage 100 + interest 150 + rent 250 = 500. If this person gets 100 through his own labour, what he gets from exploitation is 400.

An individual or a family holds a favourable attitude towards that source of income from which they get more income. If a family lives completely on interest, then that family would hold views that defend interest. If it lives on rent, it defends rent and so on!

16. A clarification regarding 'productive-unproductive' labours

Here a clarification is necessary with reference to the 'definitions' of productive and unproductive labours. All the observations that we made in this chapter are of Marx only. They are as follows: Just as one portion of the value of productive labour is paid and another is not paid, in the case of the value of unproductive labour also one portion is paid and the

other is not paid. If productive labour gives 'surplus value', the unproductive labour gives 'surplus labour'. However, initially we find it difficult to understand what Marx said about these things. Marx's observations are unclear at some places and they may even lead to an erroneous interpretation at some other places. At some places his observations erroneously indicate that 'unproductive labourers' do not perform surplus labour and are not subjected to exploitation'. But if we examine all the observations of Marx on this issue in 'Capital' itself at various places, we can understand the essence of the matter without any mistake.

Marx wrote on 'productive and unproductive labour' in volume 4 of 'Capital' entitled 'THEORIES OF SURPLUS VALUE' (hereafter TSV) and also as a separate chapter. Either this separate chapter or 'Capital-4' did not appear in print until recently. The separate chapter appeared for the first time in German and Russian in 1933 in one of the volumes entitled 'MARX AND ENGELS ARCHIVES'. The Penguin publishers brought out that chapter for the first time in English as a 'supplement' to volume 1 of 'Capital'. The chapter does not appear in other editions of 'Capital-1'.

The volume on 'Theories of Surplus Value' came out for the first time in German between 1905 and 1910 after Engels passed away. It was printed later in English.

We will commit a grave error in understanding the question 'what constitutes a working class?', unless we know properly about 'productive and unproductive labours. If we see only first three volumes of 'Capital' without looking into that separate chapter and the relevant portions of volume 4, we will not find the necessary information.

Here, we will see some questions from Marx to dispel various doubts and avoid unnecessary debates concerning the issue.

From these quotations of Marx, we will see the following points: That 'wage' is merely the value of labour power, not 'value of labour'. Even the wages of 'unproductive labours' are also in accordance with the laws of value of labour power. Unproductive labour consists of two portions: one that is paid and the other that is not paid. The expenditure in the income secured from the capital is saved due to the less payment of wages to the unproductive labour.

But, if we find any mistakes in these quotations, we have to understand them with logic and arrive at a correct meaning.

Further, when we get a doubt about a particular place, we have to try to carefully understand the whole context, which the author has described. If we still find an error despite careful understanding, it is a different matter.

(1) "...the *price* of these different activities from the prostitute to the king-becomes subject to the *laws that govern the price of wage-labour.*" (Capital, vol.1, p.1042, Penguin edition.)

Unless we understand the total context in which these observations are made, we will fall in the danger of misunderstanding them.

The job of a 'prostitute' does not come under the category of 'labour'. When it does not become 'labour', the question as to whether prostitute is productive labourer or unproductive labourer does not arise.

Same is the case with the 'king'. The job of the king also does not come under 'labour'.

But, both the prostitute and the king get 'income' for the jobs (whatever they may be) that they do. That income appears to a 'wage'.

The capitalist who employs the prostitute in that job earns money by using the prostitute. Hence, the prostitute appears as productive labourer. When we understand this erroneously, solutions for the problem of prostitution will also appear as erroneous. It appears thus: "the prostitute can take her labour for herself. It is also a kind of labour like all labours. But, she should get the entire 'value of labour'. This alone is the solution for that problem".

Same is the case with the king as well. If we assume that 'whatever the king does is also a labour and the income he gets is subject to the law of wages', then it appears as if the king is also subjected to exploitation. It appears as if the king is also doing a lot of labour and losing surplus value by taking wage. But it is not true.

'Wage means value of labour power' is a general principle.

A general principle does not apply literally to each specific context.

The law of wages applies as it is to 'ordinary workers' only. It does

not at all apply to kings and ministers. They do not perform any labour. Even if they do some unproductive labour, what they get in lieu of that would be many times more than what they do. Therefore, law of 'wages' does not apply to this kind of context.

If we don't understand these things correctly, the example of a prostitute and the king leads to erroneous interpretations.

Both, productive labourer and unproductive labourer receive wage. If we simply consider the criterion of 'receiving wage', all wage earners appear to be labourers and moreover as productive labourers.

> "Now the fact that with the growth of capitalist production all *services* become transformed into *wage-labour*, and those who perform them into *'wage-labourers'*, means that they tend increasingly to be confused with the productive worker, just because they share this characteristic with him...A soldier is a wage-labourer, mercenary, but this does not make a productive worker of him." (Capital, vol.1, p.1042, Penguin edition.)

Discussing such issues, Marx very briefly gives the example of a prostitute and a king.

He gives these examples in the sense that 'under capitalism every job and every income appears to be subjected to the principles that determine the price of wage-labour. He also says that 'the implications of this last point (in the example of a prostitute and a king) should be explored in a special treatise on wage-labour and wages, rather than here'. (However, Marx had never written a chapter, which examined that point.)

If we don't understand this point, we will form an opinion that Marx had erred in the example of prostitute and the king.

Now let us see the remaining quotations relating to 'the value of unproductive labour'.

> (2) "This does not prevent, as Adam Smith remarks, the value of the services of these unproductive labourers being determined and determinable in the same (or an analogous) way as that of the productive labourers:.." (TSV-1, p.159, Moscor 1975)
>
> (3) "The labour-power of the productive labourer is a commodity for the labourer himself. So is that of the unproductive labourer.

> But the productive labourer produces commodities for the buyer of his labour-power. The unproductive labourer produces for him a mere use-value, not a commodity;..." (TSV-1, p.160)

Every thing that is necessary to understand productive and unproductive labours is present in this quotation very clearly, isn't it?

(4) The following quotation tells about the 'commercial worker' who works for the 'commercial capitalists'. This worker is an unproductive labourer. In the chapter 'Costs of Circulation' in part 2 of this volume, we will see in detail as to why the labour of workers engaged in sales and purchases is an unproductive labour. Here, it is important to understand aspects of unproductive labour in Marx's words:

> "We shall assume that he (commercial worker) is a mere wage-labourer, even one of the better paid, for all the difference it makes. Whatever his pay, as a wage-labourer he works part of his time for nothing. He may receive daily the value of the product of eight working-hours, yet functions ten. But the two hours of surplus-labour he performs do not produce value any more than his eight hours of necessary labour..." (Capital, vol.2, p.135)

(5) The following quotation is concerned with the 'commercial capitalist'. The expenditure, which the commercial capitalist incurs, connected with sale will be a deduction from his income. Whatever be the amount that the fellow does not pay to his labourers, that amount constitutes the portion, which saves his expenses. The effect of the factor that opposes the growth of his capital diminishes due to that portion, which he saves by not paying the amount that he is expected to pay to the workers. This quotation tells this point.

> "...the non-payment of these two hours reduces the costs of circulation of his capital, which constitute a deduction from his income. For the capitalist this is a positive gain, because the negative limit for the self-expansion of his capital-value is thereby reduced". (Capital, vol.2, p.135)

Thus, Marx has very clearly stated that unproductive labourers too lose some portion of their 'value of labour' and perform 'surplus labour'.

However, the issue of 'unproductive labour' becomes confusing because certain contradictory comments also appear in Marx's writings.

Here, we will see some observations that lead to erroneous meanings as well.

> (1)"...the workman employed by a piano maker is productive labourer. His labour not only replaces the wages that he consumes, but in the product, the piano, the commodity which the piano maker sells, there is a surplus value over and above the value of the wages. But assume on the contrary that I buy all the material required for a piano (or for all it matters the labourer himself may possess them), and that instead of buying the piano in a shop I have it made for me in my home. The workman who makes the piano is now an unproductive labourer, because his labour is exchanged directly against my revenue". (TSV-1, p.160)

What is the mistake here? Marx is calling a worker as 'unproductive labourer' when he goes to a household and makes a piano for that family. But this is an error. This worker should be counted as 'independent producer' (Independent labourer). Let us suppose that the value of piano is '60c+20v+20s=100'. If a piano-maker works under a capitalist, he keeps losing '20sv' to the capitalist whenever he makes a piano. But when that labourer goes to a household and makes piano for them. The householders themselves get '60c' necessary for making piano. The labourer adds his '20v+20s' to '60c'. Piano is ready. The householders who got that piano made gives 40 to the maker. That is, the value of piano will be 100. If the maker gets 40, it means that he got the entire 'value of labour'. Hence, this person will not be an unproductive labourer. He will be an independent producer. If this person, while working as a productive labour in piano-making enterprise, goes to others' houses on his own and makes pianos, he will stand as 'independent producer' in that relation.

In case, a piano capitalist sends one of his workers to a household and asks him to make a piano for that family, then that worker is a productive labourer. That family pays the total charges of 40 to the piano capitalist. From those charges the productive labourer gets less charges (20) only. If the same labourer were an Independent labourer, he himself would get the entire charges. If a worker has to be counted as an 'unproductive' labourer, he has to be a wage-labourer under a master either in a house or a production-place. The person who is not so situation like that is not an unproductive labourer. It is a mistake to consider a labourer as an unproductive labourer by seeing the fact that the

householder pays from his 'income' the worker who made piano. When a person gets some work done by an independent producer or buys the articles made by that producer, he has to meet that expenditure from his 'income'. Therefore, it is not possible to determine a seller as an unproductive labourer simply by seeing the payment made from the income only.

(2) The quotation, which we are now going to give, is highly confusing. The points made in the first quotation are a little different in this quotation. We have to understand this a little carefully.

> "When I have a coat made for me at home by a jobbing tailor, for me to wear, that no more makes me my own *entrepreneur* (in the sense of an economic category) than it makes the *entrepreneur tailor* an entrepreneur when he himself wears and consumes a coat made by his workmen. In one case the purchaser of tailoring labour and the jobbing tailor confront each other as mere buyers and sellers. One pays money and the other supplies the commodity into whose use-value my money is transformed. In this transaction there is no difference at all from my buying the coat in a shop. Buyer and seller confront each other simply as such. In the other case, on the contrary, they confront each other as capital and wage labour. As for the domestic servant, he has the same determinate form as the jobbing tailor No.II, whom I buy for the sake of the use-value of his labour. Both are simply buyers and sellers. But the way in which the use-value is enjoyed in this case in addition bears a patriarchal form of relation, a relation of master and servant, which modifies the relation in its content, though not in its economic form, and makes it distasteful". (TSV-1, p.296)

The difference between what Marx said in this quotation and the first quotation is this: Here Marx is referring to the labourer who stitched the coat at home as Independent labourer, instead of as an unproductive labourer. He is saying that the householder will not be the master of the independent producer but a master will be at a domestic servant. But he is equating them (the independent labourer and domestic servant) in economic meaning. He is treating both of them as sellers and buyers in relation to the householders who used their labour. All this is correct only in the case of 'independent labourer'. It is a mistaken observation in the case of domestic servant. To say that 'the labour that a domestic servant

gives and the wage that the master gives are of equal values and their relationship is that of a seller and buyer' merely amounts to saying that there won't be surplus labour in the case of domestic servant. This is contrary to what Marx had correctly said elsewhere.

> (3)"The latter (unproductive labourers) help the former (those who receive profits and rents) to consume the revenue and give them in return an equivalent in services-..." (TSV-1, p.218)

Giving equivalent implies that value given and value taken are equal. When we say that 'unproductive labourers give an equivalent; it means that value of labour that these labourers give to the masters and the value of wages that they receive are equal; that is, surplus labour will not be there in the case of unproductive labourers. Thus, this is also a mistake.

> (4) "Its consumption is to be formulated not as M-C-M, but C-M-C (the last being the labour or service itself). The money functions here only as a means of circulation, not as capital." (Capital, vol.1, p.1041, Penguin edition)

The formula of 'C-M-C' indicates exchanges of commodities of equal values. If we express the exchange that takes place between an unproductive labour and his master through this formula, it gives the meaning that the exchange is an exchange of equal values only. Though unproductive labour gives only use-value to the master, it gives 'more use value' than the money which the master gave. Therefore, it is not appropriate to refer to this relation simply as 'C-M-C'. If we refer to it so, it implies that unproductive labour do not give 'surplus labour'. Therefore, instead of referring it as a relation of 'C-M-C', we have to think about the other way of referring to it and make another formulation. (See the table of 'formulation labour relations' given earlier).

While he ought to say things like this, Marx was somewhat ambiguous initially in elaborating 'unproductive labour'. But while discussing 'Costs of Circulation' in volume 2 of 'Capital', Marx made definite and fully correct observations on unproductive labour. It means that Marx would have definitely revised his observations had he looked back once again at the initially written parts on unproductive labours. But it did not happen so. That is why, we find at one place the observation that unproductive labourers give surplus labour and at another place the observation that unproductive labourers do not give surplus labour. This

kind of situation, at the outset, confuses us a lot. It will not be possible to understand this point correctly unless we make sure that one of these two observations is a 'mistake'. If we take the law that 'wages are nothing but the value of labour power' as the basis of our understanding, then we will consider the observation that 'unproductive labours' too give surplus labour as the correct observation. We abandon other observations that are contrary to it as 'mistakes'.

Why do domestic servants, despite doing labour day and night, live in dire poverty unless they are subjected to exploitation even in the economic sense, besides being in an unpleasant relationship of a 'master and servants'? —This is a question one has to get to even with a very ordinary commonsense. It is not very difficult for those who know about economic exploitation to arrive at a conclusion that all the labourers who live in poverty are being subjected to exploitation.

But if we understand it in such a way that there won't be surplus labour, exploitation and other aspects in the case of 'unproductive labour', then we have to arrive at a wrong conclusion that 'working class means productive labourers only'.

The productive and unproductive distinction is concerned with the master who employs those labours, but not with the labourers who give those labours. When you are 'wage-labourers', both of you are 'exploited people' whether you are productive labourers or unproductive labourers. If there were no exploitation, the productive labourers and unproductive labourers will not have poverty. Both kinds of labourers will not have to live in slavery under a master. Therefore, all the productive and unproductive labourers face all kinds of problems—economic, social and so on—that result from exploitation. That is, only if we correctly understand unproductive labourers, will we be able to understand that both productive-unproductive labourers together constitute working class and working class is not simply productive labourers only.

However among unproductive labourers, there will be all such sections as policemen, soldiers, jail personnel, court-employees etc. Do all these people come under working class? Yes, they do. Excluding those at the level of managers and directors, all the ordinary employees among these sections come under the working class. But, it appears as if it is a grave mistake to treat them as 'workers' owing to the work they do and

the weapons they use. But the activities of the policemen and soldiers do not depend on their own likes and dislikes. Their duty is to do whatever their master asks them to say. The state itself is their master. Just as all the unproductive labourers do, without a word, whatever work their masters assign, so also do the policemen and the soldiers. Whatever aspects that may appear objectionable to us in considering those people (policemen, soldiers etc.,) as 'workers', there are many such objectionable aspects in the case of 'productive workers' as well.

Do all productive workers produce only grain and clothes? What about those productive labourers who produce knives, guns, bombs, war planes, war ships, torture instruments, intoxicating drugs, the canes and caps that the policemen and soldiers use? What about the engineers who devise machines with techniques that suit the capitalists? What about the scientists? What about the teachers who write textbooks that are in tune with the capitalist ideology? What about the journalists who ignore the news of dangers that fall on the working people and the news of massacre of the working people but depict elaborately and with big headlines the pet names of the dogs and the horses of the capitalists? If we look from this angle, even the 'productive workers' have to work according to the orders of their masters. They cannot have their likes and dislikes. Even if we take the case of production of necessaries of life like grain and clothes, all of them are made in many adulterated forms and exclusively with a sale-orientation. Workers have to do all those things according to the wishes of the employers.

When those who produce guns are labourers, why can't those who use those guns also become labourers?

The basic qualification to become a 'labourer' is 'doing labour'. It may be any kind of labour. It may stand in any kind of relation. Whether it is productive labour or unproductive labour, it does not cease to be a labour.

Just as productive labourers, who produce grain are subjected to exploitation, so also the unproductive labourers who do the labour of policing and military are subjected to exploitation. Those features alone make policemen and soldiers part of 'working class'.

All those who do labour are labourers!

All the labourers taken together constitute 'working class'!

Emancipation of working class means end to exploitation of productive and unproductive labourers.

But some sections among the unproductive labourers and productive labourers as well work solely in the anti-working class activities. Among the unproductive labourers, such sections as policemen, soldiers, court employees and jail personnel play the role of suppressing the working class struggles.

Similarly, among the productive labourers, such sections as engineers, scientists, supervisors and technicians play the roles of controllers, who extract 'more and more labour' from the labourers. These sections of labourers appear to be anti-working class in the view of the rest of the labourers.

Ordinary workers should necessarily know the 'difference' between the ordinary workers and other workers who do jobs that harm ordinary workers. They have to behave with them as they do with opponents. However they should also realise the fact that there is a 'real opposing class' behind those workers who appear to be opponents. If there is no such realisation, it does not mean that the workers have realised this fact, which they ought to have realised.

As the productive and unproductive labourers together serve the 'exploiting class', those two kinds of labourers together constitute 'working class'. This is a general principle concerning the working class. We have to examine separately the specific conditions of each specific section depending upon the role that it plays. Within the productive labourers, the conditions of higher mental labourers and manual labourers will be very different. Similarly there would be many kinds of differences even among the sections of productive and unproductive labourers. We have to understand all those differences depending upon the different contexts.

Take any section, there will be on the one hand higher official who live largely on the exploitative income with higher wages and privileges and on the other hand, low grade employees who live in conditions that are contrary to those of higher officials.

These differences will be there in 'police' and 'military'. That is why, when revolts against exploitative systems take place, ordinary

policemen and soldiers also join such revolts. The 'revolutionary labourers' who mobilise all the labourers to revolt do not go to the capitalists and organise them. But they go to police and soldiers and work among them for a rebellion. It is because those sections of labourers are also living amidst the problems created by the exploiting class. That is, in a wider sense, working class is the combination of all the productive and unproductive labourers.

But, the 'centre' of the working class is productive labourers only.

Among them, 'labourers that perform manual labour' are the most important because they are subjected to exploitation to a greater extent and lose large surplus value.

In Marx's words:

> "The limits of this book compel us to concern ourselves chiefly with the worst paid part of the industrial proletariat, and with agricultural labourers, who together form the majority of the working class." (Capital, vol.1, p.611)

Workers should have enough clarity regarding the question 'who constitute working class?' All the men and women together with their family members, who live on wages by doing some labour or the other constitute 'working class'. If we combine both the spheres: industry and agriculture, the population consisting of sections of manual labourers constitute the majority in the whole class. These people alone lose more surplus value and are subjected to exploitation to a large extent.

The important question is whether feudal rent system exists mainly or wage system exists mainly in a given region of a given country. If wage system alone exists mainly, this fact alone is not enough to conclude that there are no feudal relations in the society. We have to take into account, along with the 'wage system', other working conditions and relations with the master concerning the work.

Let us see a couple of interesting quotations from Marx with reference to productive and unproductive labours.

> "The great mass of so-called 'higher grade' workers—such as state officials, military people, artists, doctors, priests, judges, lawyers, etc.—some of whom are not only not productive but in essence destructive, but who know how to appropriate to themselves a very

great part of the 'material' wealth partly through the sale of their 'immaterial' commodities and partly by forcibly imposing the later on other people—found it not at all pleasant to be relegated *economically* at the same class as clowns and menial servants and to appear merely as people partaking in the consumption, parasites on the actual producers (or rather agents of production)." (TSV-1, p.175)

In this mob, excepting artists and doctors, all the labourers of other fellows are unnatural. Marx is telling that these 2 kinds of fellows swallow more than the 'value of labour'. All the fellows who come under this mob feel very unpleasant if others treat them as 'unproductive labourers'. They hold such views as that their jobs are also necessary for the society and their labours are also productive labours that produce natural wealth. Though all these labours are needed for exploitative societies, they are unproductive labours only.

"A large part of the 'unproductive labourers', holders of State sinecures, etc., are simply respectable paupers." (TSV-1, p.218)

Just as the paupers, the poorest of the poor, in the society live at the mercy and compassion of others and at the mercy of organs like State-run orphanages, all the 'higher government-officials in the unproductive sections live on the state income without doing any labour. Hence they are also 'paupers'; but 'respectable paupers'.

Bourgeoisie once criticised the earlier societies with reference to the totally unnecessary existence of the unproductive mob of the state officials in the State machinery. In the later period, when State power came into its hands from the feudal class, the bourgeoisie realised that the existence of unproductive state officials is necessary for its state machinery as well.

In Marx's words:

"Political economy in its classical period, like the bourgeoisie itself in its *parvenu* period, adopted a severely critical attitude to the machinery of the State, etc. At a later stage it realised and—as was shown too in practice—learnt from experience that the necessity for the inherited social combination of all these classes, which in part were totally unproductive, arose from its own organisation." (TSV-1, p.175)

"Bourgeois society reproduces in its own form everything against which it had fought in feudal or absolutist form." (TSV-1, p.175)

This is to say that the capitalist society is not fundamentally different from the societies of earlier time. As the capitalist society too is an exploitative society like the earlier societies, it retains as ever all the evils of the past societies.

17. Productive-unproductive distinction is specific only to the 'capitalist society'

After the 'productive-unproductive' distinction between various kinds of labour in the 'capitalist society' has been observed, if we observe the same thing in the 'slave society' and 'feudal society', it will become evident that the 'productive - unproductive distinction' does not apply over there.

Let us suppose that there are a few slaves under the control of a slave master. [There will be women also among them]. If a few of those slaves do agricultural work on the lands of the master, a few others will do household duties for the family of the master. The products spent on the maintenance of all the slaves would constitute the 'value of their labour power'. It is a wage without the name of a 'wage'. The slaves who do labour both at the house and outside do 'surplus labour'. 'Surplus labour' gives 'surplus products'. The surplus labour of the slaves is the only basis for the master's family to be able to survive without doing any labour.

Can we, however, classify that, of the labour, which the slaves perform, all the agricultural labour performed outside in the fields as productive labour and all the labour performed at the house of the master as 'unproductive labour'? It is not possible. Because, in the capitalist system, the entire production produced by the capitalist enters into sale and converts into 'money'. The capitalist derives surplus value from that money. Therefore, that entire outside labour would be 'productive labour' for the capitalist. But this aspect would be quite different under slavery.

If we consider the agricultural labour performed in the fields of the slave master, the entire grains produced through that labour would not convert into commodity. That is, only a portion of it goes for sale. The remaining portion will be required for the maintenance of the slave families and for the maintenance of the family of the master. It won't enter into

sale. Only that grain which has gone into sale will convert into money. The remaining portion would not convert into money. Then, would a certain portion of the agricultural labour become productive labour and certain other portion of it become unproductive labour? Would the slaves who perform agricultural labour become productive labourers on the one hand and unproductive labourers on the other? This is a meaningless thing. 'Surplus labour' exists in the 'slave society'. It gives 'surplus production'. But it does not convert into money. Hence, the productive and unproductive distinction does not apply to the slave society in the manner it applies to the capitalist society.

Similarly, this distinction doesn't apply even to the feudal society. Even in this society all the products produced outside would not enter into sale.

Can we divide the grain produced by the feudal tenant peasants as follows: the portion of grain that goes into sale is productive labour and the portion that does not go into sale but is used by the families of the feudal lord and peasants as unproductive labour? Will, then, the labour of the members of the family of the peasant who produced the grain become productive labour on the one hand and unproductive labour on the other hand? It is meaningless. Therefore, this productive and unproductive distinction does not apply to earlier exploitative societies—though exploitation of 'surplus labour' was there in those societies as well.

> "...*earlier modes of production,* in which relations of *capital* and *wage-labour* did not yet exist and where in consequence the capitalist concepts of *productive* and *unproductive* labour are quite inapplicable." (Capital, vol.1, p.1042, Penguin edition.)

18. Will there be productive-unproductive distinction in the 'new society'?

Whenever we speak of 'new society', we have to imagine it as a society that involves non-exploitative relations. We should not consider such stages, which involve changes, which are still incomplete. In the earlier stages, there would be many characteristics of the old society. Hence, we should imagine the new society as a society which has already been formed with 'pure essence' and 'pure form'. Only then the form

and essence that are contrary to exploitative form and exploitative essence would be clear.

To give at the outset a brief answer to our question, we have to say 'productive-unproductive' distinction does not apply to the new society. Since capitalism is a system of commodity production, the stage of producing commodities stands as 'productive stage' and the stage of producing non-commodities as 'unproductive stage'. Or, in other words, the stage in which workers produce 'value' for the master stands as a 'productive stage' and the stage in which workers produce 'use-value' stands as 'unproductive stage'. Depending upon this division, the capitalist society treats certain labours as productive labours and certain others as unproductive labours.

For the new society, which produces every thing as a 'use-value', all labours are same. If we take the need called 'food', it should begin with the tilling of the land and continue up to washing the plates. That need would not be satisfied unless so many different chores are done. It is not possible to divide certain of these labours as productive and certain others as unproductive. Here all labours are the same.

The capitalist will have such distinctions as the stage in which he can increase money and the stage in which he spends his income. That is why, for him, the same kind of labour appears to be of two kinds. For him, the labour of the cook in the hotel is productive and the labour of a household cook is unproductive. Labour of cleaning the hotel is productive and the labour of cleaning the house is unproductive. This division depends exclusively on the relationship that forms between the labourers and the capitalist.

But in the new society, where there is no relationship of a master and labourers, there won't be such a situation as 'producing for the sake of master'. There won't be such a situation whereby the master appropriates either surplus value or surplus labour from the labourers. Therefore, the productive-unproductive distinction that exists in the capitalist relations does not apply to the new society.

If we think superficially, it appears as if the productive-unproductive distinction exists in the case of 'labours' or 'products'. From a superficial point of view we may raise a question thus: though masters and servants do not exist in a new society, we will have production of articles and

hence their consumption, won't we? Why can't we categorise those labours that produce articles as 'productive labours' and labours spending the articles as unproductive labours?

Let us see the mistake in these questions.

'That which gives surplus value is..... Productive labour.'
'That which does not give so is ..... unproductive labour.'
This is a capitalistic division.

Now we are abandoning this division and giving a new definition for the sake of new society as follows:

That which produces articles is..... productive labour.
That which uses articles is..... unproductive labour.

Let us examine some examples to show how meaningless this new definition is.

We know already that use of articles is of two types:

1) Using as 'means of production'.
2) Using for 'maintenance'.

Regarding the first point:

In a given 'process of production', an article (e.g., process of producing 'cloth') and the process of using an article (e.g., process of using yarn) will not be different. In order to produce a new article, some previous products should be used as 'means of production'.

To produce a new product called 'rice', we should use an old product called 'grain' as 'raw material'.

If we make 'grain' into 'rice',

Rice is the new production.
Grain is the used up production.

Here producing rice and consuming the grain are not two different processes. The whole thing is one single process; one single labour.

The same labour that produced rice is the labour that used grain.

But, according to our new definition,

That which produces rice is ..... 'productive labour', and
That which uses grain is ..... 'unproductive labour'.

This means, the same labour should simultaneously be 'productive labour' and 'unproductive labour'! This is the meaninglessness of the new definition.

Now let us see another requirement in the case of using products. This is regarding the use of 'maintenance'.

Let us take a product called 'cooked rice'.

According to our new definition:

The labour that produces cooked rice should become 'productive labour' and the labour that uses cooked rice should become 'unproductive labour'. Is it happening so?

We have already seen as to how meaningless the first point is. (We have seen that the new definition does not apply there since the same labour that produces cooked rice is the labour that uses rice).

Now we have to see the second point:

The point is using 'cooked rice'.

What does using cooked rice mean? It is to 'eat' it. Eating cooked rice itself is its use.

According to the new definition this work of 'eating' should also become unproductive labour.

But 'eating' does not at all fall under the category of 'labour'.

It is a 'natural' activity, which each being carries out. All beings are eating food—does it mean that all beings are doing 'unproductive labour'? No. Therefore, eating cannot become 'labour'. When it is not at all a labour, the question as to: whether it is productive or unproductive does not arise.

It means that the new definition does not apply to any context. Therefore, that definition itself is wrong!

Let us see another doubt with regard to the use of products.

Can we assume that articles spent as 'means of production' are 'productive expenses' and articles spent as 'maintenance' are unproductive expenses?

This kind of division is completely wrong.

Treating 'maintenance expenditure' as 'unproductive expenditure' amounts to treating it as a 'wasteful' expenditure. Similarly, treating the 'expenditure of means of production' as 'productive' expenditure amounts to treating it as a 'necessary' expenditure.

If maintenance itself is a wasteful expenditure, why should we produce articles at all? If expenditure of 'means of production' alone is useful expenditure, what is the purpose of 'new products' that are made with that expenditure? Is it for human consumption? Or to dump the entire production at one place as a 'mass'. What is the ultimate use of that mass? Is production for the sake of production?

Production of articles is meant for 'necessaries of life' (whether those necessaries are 'natural' or 'artificial' is a different question). The sole objective of 'production' is maintenance of life. If there is a new definition that treats it as an 'unproductive expenditure', it is wholly wrong.

Further, 'maintenance expenditure' is as much necessary as 'means of production' for 'production'. But that maintenance expenditure should be connected with the people who do labour for that production.

In an 'exploitative society', expenditure on the maintenance of the labourers (that is, 'wages') is also necessary for the 'process of production'. New production will not be there if there is only 'constant capital' but not 'variable capital'. That is why, just as the expenditure of means of production is productive expenditure, expenditure of maintenance of labourer is also productive expenditure.

However, the expenditure of maintenance of the capitalist class is wholly 'unproductive expenditure' because it does not give any labour to the production process.

If we consider 'new society', we assume that all persons perform labour. The expenditure of maintenance of all persons will be an expenditure that is necessary for the production process.

Thus the question 'whether we can treat expenditure of 'means of production' alone as 'productive' and the expenditure of 'maintenance' as 'unproductive' so far as the new society concerned—will also become a meaningless.

If there is such a distinction as 'productive and unproductive' with regard to using 'labour' or 'articles', that distinction would be only in a capitalist sense. Otherwise no such distinction occurs.

Thus if there is no situation whereby one class exploits the 'surplus value' of another class (in the new society), all the definitions of whatever kind, relating to productive and unproductive distinction, become meaningless. This distinction will not apply to such a situation.

In the new society, the distinctions among the labours is not productive-unproductive' distinction but 'natural and unnatural' distribution. The new society treats certain labours as naturally required and certain others as unnecessary and unnatural. That society will gradually eliminate unnatural labours.

Even among the natural labours, there exist such distinctions as manual and mental labours. All the persons in a 'new society' perform certain manual labours and certain mental labours. As every labour satisfies one want or the other, every labour appears to be necessary. That is why, productive-unproductive distinction does not apply to such a society.

Let us see how certain specific issues in the 'new society' change.

1) Common kitchen/dining hall

In this context, we may think aloud for a while about the changes that take place in the 'domestic labours'.

Let us imagine that 'new society' has begun and changes are taking place in the old 'division of labour'. Let us see how domestic labours are carried out.

The important chores in the domestic labours are: cooking, cleaning, washing of the clothes, child-care, care of the aged people etc. We call all these chores together as 'house work'. Women and unproductive workers in exploitative societies carry out all these chores. The women of working class families have to do both outside work as well as house work.

In exploitative societies the household chores are isolated as individual responsibilities of the respective households. Except in the households there won't be any arrangements for the care of children and

the aged. Owing to these conditions women won't get any relief from the household chores. Therefore, the solution for this problem is to organise these chores with collective responsibility. In the new society, there emerge certain forms of organisation whereby certain of the household chores are organised individually and certain others collectively.

The first and foremost thing to be grasped is that no unproductive workers come from outside to do the household chores of a family. The members of each family have to do their respective household chores. Let us see how those chores have to be carried out.

If we take the cooking work, let us imagine that instead of having entire kitchen at each house, the people of several houses together set up a common kitchen/dining hall. The first condition is that the common kitchen should be very near and accessible to each house. That kitchen should be so close that all persons can go there and eat during winter and rainy seasons as well. It means that the number of households, which are members of the common kitchen should not be too many.

In our example, people of 10 or 15 families have set up one common kitchen. All kinds of foods, which these families eat when they are at home, are prepared in this common kitchen. The members of these families work in turns in this common kitchen without male-female distinction.

The work in this kitchen consists of certain sections. The section that does the work of cleaning the vessels and kitchen, cooking section, serving section, gardening section and so on.

All the members of 10 or 15 families need not simultaneously do the cooking duty. Supposing that 20 persons are enough to do the work in all the sections of the kitchen, everyday 20 persons remain in the kitchen duty and the rest of the people go for outside duties. Those who go for outside duties will take their meals at the kitchens outside where they work (in the kitchens at their work places).

People who participate in the kitchen duty change their sections periodically: once in cooking section, once in cleaning section, once in gardening section and so on. Even when they are in one particular section, they change from one kind of work to another. Within cooking section, there will be work of cutting vegetables and work of cooking a particular dish. Those who are in the cooking section change between these 2 kinds of work.

Children also do certain kinds of work in the kitchen from the age of 7 or 8 years.

All the people of the 10-15 families who are members of a common kitchen discuss every or any time all the matters concerning the kitchen. About the substances used for cooking, about the methods of cooking, about tastes, about the cleanliness, about the health habits, about economic use of substances, about the instruments to be equipped, about the plants and trees to be grown around the kitchen. Thus they will be running the kitchen according to an understanding, which they arrive at by discussing each issue concerning that organisation (kitchen).

There is no need for a specific question as to 'whose wishes and tastes should prevail in preparing dishes'. Generally, the dishes will depend upon the vegetables available in a given season. The dishes could be according to the likes and tastes of a given batch on a given day.

Until a correct understanding and correct methods concerning collective life are evolved, many problems arise in the initial stages in every organisation. But if we gradually solve each problem with our daily experiences, this common kitchen system would become a natural aspect of our life.

Greater the clarity about things, lesser the problems. All the people should know with definite clarity about the functioning of the kitchen by way of certain practices that do not appear as rules. "We should clean vegetables here; keep them here; cut them here; keep lids over them like this! We should wash used vessels here; arrange them here; all the plates over here, all glasses here, all lids here, all bowls here! All the broomsticks here, knives here! After finishing the meal, people should wash their hands at a particular place. The place for washing hands should be at a distance so that the noise of their mouthwash, coughs, nose-blowing etc., is not heard. Every time, we should change towels that we use to dry our washed-hands after our meal. We should wash the entire kitchen every time. We should not enter the dinging hall with footwear; if necessary we should have a separate footwear in the kitchen"—Thus members of the common kitchen should acquire these 'rules' as 'habits' and 'digest' them.

If we take 'cleanliness', finding a hair in a dish is necessarily an evidence of the lack of cleanness. If we find a hair in the food, it means that the cleanliness is not at all enough. But it is not an evidence of

cleanliness simply because we have not found a hair in the food. It does not mean that there is total cleanliness. We have to think along these lines regarding other aspects of cleanliness.

In the initial days when a collective kitchen begins wives and husbands should not work together in the same section. Husbands will become evaders of work/work-thieves if wives are beside them. Wives will become cowards if husbands are beside them. As a result, most of the work in the common kitchen too will fall again on wives. There should not be any scope for this problem to arise.

We should not imagine the common kitchen as a 'capitalistic hotel'. We may learn from the hotel if there are any good aspects but we should not imitate the hotel in all aspects.

The practice of cooking in turns has been there in the joint families of the olden days. There the daughters-in-law do cooking and other kinds of work by turns only. But in such joint families, the daughters-in-law (the real labourers) do the entire household drudgery under tension and fear amidst such beasts as: tiger-like mother-in-law; fox-like sisters of the husband; wolf-like husband; and various other kinds of wild-animals like father-in-law, brothers of the husband etc.,. This mother-in-law is a person who got promotion from the status of a daughter-in-law and has been raised to the level of a mother-in-law. These daughters-in-law too rise as mother-in-law after some period of time. These women, who as daughters-in-law, are suffocated with drudgery, play the role of 'sisters of the husbands' of other women in their parental houses. Though there is a sort of 'comfort of collective life' in the joint families of the olden days, the whole comfort goes wasted due to mutually-oppressive familial relations. The situation of common kitchen relationships of the new society is not like that. Here all people, irrespective of male-female distinction, do duties by turns. Here the common kitchen will be a means to get 'comfort of combined family' without any kind of oppressive relationships like mother-in-law vs. daughter-in-law, husband's sister vs. brother's wife, wife vs. husband and so on.

Some kitchens may together run a magazine of cookery. They can discuss all kinds of things concerning their kitchens in that magazine. One kitchen may take the experiences of another kitchen.

Despite a common kitchen, individual households have to light their

stoves depending upon certain special conditions. A family cannot go to a common kitchen if they want to boil milk during nights for the sake of little children. There won't be night shift in the common kitchen. Each family should boil milk and water for the little children at their own house. People who do not keep good health may have to drink some thing hot during nights. These kinds of needs are indispensable for every household. If a small stove and some vessels are arranged in each house depending upon those specific requirements and contexts, it is not a thing that disturbs collective life.

Expenses may be saved if a process of production is carried of on a large scale. But, we should not apply this principle to the 'common kitchen'. It means that we should not increase the number of members in a common kitchen. It becomes difficult to maintain cleanliness if the number of people increases. A kitchen is a place that should be very clean every inch. Therefore, it should have minimum number of persons and not more than that. Besides the aspect of cleanliness, relations between the members decrease and distance increases as the members increase. Then the kitchen loses homely atmosphere and an atmosphere is created where people mechanically do the work, eat food and go away. This atmosphere damages the organisation very soon. A common kitchen establishes itself very soon only if it consists of less number of people and contain homely atmosphere.

If we want to change the division of labour of the olden days in the case of 'household chores', it is enough to set up a common kitchen with the members of 4 or 5 households. It is not necessary that more households come together in the beginning itself. Owing to the specific nature of this organisation, it is not desirable to have more number of people.

Here, the most important thing to remember is that though 'new society' has begun to form, the whole division of labour continues to be in the capitalistic way. Let us suppose that one person performs mental labour always and another person always performs manual labour. In such conditions as these, formation of common kitchens is not possible. Because, the income of the person performing mental labour will be more and the income of the person performing manual labour will be less. The income of the population will be hierarchical (higher and lower) if the old division of labour does not change. When incomes are different, the expenditure that they can spend on the food will also be different. Persons

with higher income can afford to spend on nutritious and tasty food. Those who have low income cannot afford to spend like that. Such families with different economic levels cannot come together to one place. Then 'rich' kitchens for high-income group families and 'poor' kitchen for low income group families have to be formed. In order to form such distinction-less kitchens all the incomes should become equal. Which means, we will again come back to the question of changing the division of labour of the past times.

Let us imagine that all the old time, poor and dark houses—with smoked and oily walls—will vanish with the passage of time; and that peaceful and beautiful common kitchens—surrounded by cool trees, spacious premises, ventilated rooms and verandahs—will become a natural part of the social life.

Besides cooking work, even among other kinds of work relating to the household, there are certain kinds of work, which we have to do daily and certain kinds of work, which we have to do occasionally. Each household may do such daily chores like cleaning the house and washing the clothes. The people belonging to a common kitchen may form into collective groups and do such work as white washing of the houses periodically.

In the case of childcare, parents and organisations that are specifically formed for the purpose can take care of the children. Depending upon the time and needs, children may stay with the parents or caretakers outside as well. Undertaking responsibility of the childcare by the father and the society does not mean that the mother abandons that responsibility. It only means that father and the society should share some responsibilities of childcare so that the entire responsibility may not fall on the mother and thereby burden her. Undertaking of the responsibility of children by the society does not mean that the mother should give up that responsibility wholly and throw it to outsiders. When the society too undertakes the responsibility of the childcare in an appropriate way, the mother can participate in the outside, collective labour without any worry.

The case of the 'aged' people. We have to take care of certain things at home only. The outside organisations will take care of certain other things. Own children, grandsons and grand daughters should take the responsibility of giving bath daily to the aged parent. People working in

the outside health organisations come and check the health condition of the aged people. Thus family members and societal organisations should share the duties and responsibilities concerning the care of the old people.

To say that we have to organise collectively the household duties, which we used to organise hitherto with individual responsibility, does not mean that the members of the individual families can escape from that work, even without putting their finger in the work and 'some others' from outside would come and do those duties. People who are concerned will do those duties for themselves. But the only change would be that the people would do it without any male-female distinction with a collective responsibility and collective planning.

The participation in labour by all those who were not doing labour earlier (all those who lived on exploitation) would make every organisation in the society a collective one.

When many chores that existed as 'domestic services' in the capitalist society become socialised by means of anti-exploitative organisations, the sections of unproductive labourers who in the past lived by doing 'domestic services' and women who lived in domestic slavery would be liberated.

It means that there should not be a situation in the 'new society' whereby unproductive labourers go to others' houses and do household duties.

Similarly, it should not happen that women are confined to household chores only; or men are away from the household chores while women, along with the outside labours, do all the household chores as well.

One of the things that should happen within a very short period of time after the beginning of the 'new society' is to relieve all the unproductive workers who have been doing 'domestic services' and provide them with other kinds of work.

It means that members of each household should do the household work for themselves. All the male members in a household should take part in the 'house work'. This would gradually lead to a change in the 'old division of labour' between men and women.

2) Military labour in the 'new society'

We have seen that wars and military labour will be required as long as the society involves exploitative relations.

All these requirements, however, will not be over as soon as 'new society' comes into being. By then, the exploiting class will have simply been overthrown from the 'power to rule' and remains without state power. But it makes secret attempts to restore the old society. Hence the working class requires 'military duties' for the sake of 'self-defense' until changes in the 'old division of labour' take place, until exploitative features in the production relations change, and until those changes become established.

If the soldiers of an exploitative society discharge the duty of protecting exploitation, the soldiers of new society discharge the duty of eliminating exploitation. It means that the duty of the soldiers of new society will be very much different from the soldiers of the past societies.

However much different this duty may be in the 'new society', this different kind of duty too cannot become a 'natural' duty. As long as the military duty is required in the 'new society', it means that the 'production relations' in that society have not yet reached the stage of non-antagonism. It means that the society is still with antagonistic contradictions. It also means that since there is a need to fight against aspects of exploitation, military duty is still required in the society. It, however, does not mean that military duty is an eternal natural duty of the human society. When there are no 'faulty relations' among human beings, there won't be faulty duties as well. Existence of faulty duties is an indication to the existence of faulty relations.

The soldiers in the new society, like the workers, will necessarily participate in other kinds of labour whenever they need not discharge the military duties. After some period of time, the military duty will become redundant.

3) Labours of 'crime investigation' in the 'new society'

We have seen in the beginning of this chapter itself about the crimes and the labours of 'criminal investigation' that are present in the exploitative society.

Regarding this aspect, we should have minimum degree of clarity

about the conditions in the 'new society'. Even the 'new society' too will have its own laws. It will have its own social obligations. It will have all the rules of disciplined that are necessary to lead the collective human life without contradictions. All these laws, rules, responsibilities will have the objective of protecting the welfare of all. Every individual who lives in the societies will have to be abide by these rules. When all persons observe the same kind of rules, it amounts to a 'freedom without rules'. There won't be a more natural and real freedom than that. Observing certain rules in a 'game' will become a natural discipline that does not hurt any one. Similarly, observance of certain rules in the daily life also will become a natural thing. In such a situation, human beings will observe rules in their lives as naturally as they necessarily observe the rules in a 'game'.

But we have to imagine even the 'minutest' opportunity that remains to commit 'crime'. The new society is not something that facilitates limitless 'absolute freedom'. In this society, we will find the rule that 'all persons should do labour' but not the rule that says 'whoever wants to do labour does it! Whoever does not want to do it, doesn't do it!" We will find the rule that says, "all persons should observe this discipline" but not the rule that says "whoever wants to observe the discipline may observe it! Whomever does not want to observe it, observe it!" The new society will not award to any one such unequal, limitless freedom. If human beings award for themselves such a freedom as 'One can live as he/she likes', that society would start its journey very soon toward animal life. If 'labour is indispensable to the human life, then it is also indispensable to observe certain rules. But, the rules, however justifiable and however equal, are rules. Limits are limits. Where there are rules and limits, there may be instances of violation of them too. As the rules and limits of the 'new society' are natural and apply to all persons uniformly, there would not be frequent instances of their violation. They won't be on a large scale and large number. But they will occur. Though very rarely and in small less number and at a very low level, there is a scope for the instances of violation of rules. It follows that the incidents that can be described as 'crimes' will occur in the new society as well, at some level or the other. But there is no comparison in any aspect between this crime and the crime in the exploitative societies. These crimes will not be like property disputes, commercial frauds, thefts, murders. They will be in the context of the material conditions of the new society. That is, the crimes may be

in such forms as carelessness in the work, improper discharge of duties and so on.

Whatever the form of 'crime', it is necessary to investigate that crime. Hence the duty of 'crime investigation' too will be indispensable even in the new society. But, to discharge this duty, courts, procedures, punishments and such other things that are specific to exploitative societies will not be relevant. The society that stands on the foundation of 'natural relationships' would discharge its duties in a natural way. That is, without such procedures as advocacy of a lawyer for money on behalf of a 'criminal', delivering justice by a judge who receives 'wages' and so on.

Suppose a worker is careless in his/her 'work'. If a person is like that, a burden of work will fall on others. Therefore, in order to conduct 'investigation into this 'crime', the investigation should be conducted amidst the co-workers who have to face the evil effect of that crime and at the place where 'crime' is committed. Each will say what he/she wants to say. The 'criminal' will also say whatever he/she wants to say. If others feel that what the criminal says is justified they can talk in his/her defense. Or else they can question him. Here it is not necessary to have one lawyer on behalf of the criminal and another lawyer opposing the criminal. The concerned persons can make arguments and counter arguments. They can discuss. They can obtain the truth. The opinion of the majority members will be the 'judgement'. Here the public who participate in the investigation are lawyers and judges.

In this manner, even in the new society, some method or the other (consisting of certain rules) will be evolved to conduct criminal investigation. The criminal investigation can be conducted whenever necessary at the place where crime is committed and amidst the concerned persons. Individuals among the concerned people may act temporarily as judges and conduct the investigation. As the criminal does not depend on a lawyer here, a situation will not arise where the lawyer may not argue properly or may collude with the opposite side. Similarly, as the whole thing here takes place in the midst of the public, a situation will also not arise where the judges will remain deaf to the call of justice, surrender to bribes and administer punishments as per their whims and fancies. It means that the unnatural profession of a lawyer, who defends a person by charging a 'fee' and the method of delivering justice by an 'employee' with the title of a 'judge', will become redundant here.

In the exploitative society, crime takes place at one place and trial takes place at another place. Like all the jobs, 'giving judgements' also becomes a 'job'. Further, it takes 10 to 15 years to complete the trial of a case. There are instances when it takes 20 or 30 years.

All these unnatural methods in the criminal investigation and trials will be given up. Here the 'trial' of a 'crime' will be over either in a few 'hours' or 'days'. Which means, here character and form of criminal investigation and trial will change.

As the experiences concerning the establishment of 'new society' increase, natural methods and ways for every thing will be formed and finally established in a correct manner some day.

If exploitation is really eliminated, 99 crimes out of 100 will be eliminated. Even that one percent crime too will diminish in its intensity. Under the conditions when incidents that may be called crimes occur very rarely, the present day criminal investigation and trials will disappear completely.

4) 'Arts' in the 'new society'

According to the principles of the new division of labour in the 'new society', a person who possesses some art also should do general manual and mental labours. But as the person should get some time to develop the 'art', certain portion of the other labours of that person may be reduced. But an artist is like any other person in the case of receiving necessaries of life and amenities. Further artists can get special articles necessary for the development of their art. However great an artist may be no special value (either money or privilege) is necessary.

In the world, which is based on the 'natural' rules, an artist will give his/her art to the world and as a reward would get the admiration of other human beings, who like that art. All this is connected with the natural principles of the new society.

5) Problem of 'prostitution' in the 'new society'

Prostitution is a confused creation of many problems such as poverty, sex, marriages devoid of love, male domination, false ideology spread across the whole society and so on. We have seen this earlier in this chapter.

The source for all these problems is 'exploitation'. That is, the source of prostitution is exploitation.

Therefore, the new society that has to eliminate prostitution should keep in view all the problems connected with it.

For the new society that has to eliminate prostitution, elimination of the inequalities in the man-woman relations is as much necessary as the elimination of poverty. Because, these two aspects together create prostitution. The problem of prostitution will be solved only when these two aspects are solved. Elimination of the 'profession of prostitutes' itself does not amount to the elimination of prostitution. The profession of prostitution will be eliminated only. When 'poverty' is eliminated. But when 'dissatisfaction' still remains in the married lives of men and women, the features of prostitution remain in a secretive manner.

The new society has to build the man-woman relation, not as a hypocritical relationship that outwardly appears as traditional but as a genuinely new relations that forms out of friendship and love.

So far we have seen as to how the productive-unproductive distinction applies to the capitalist society and does not apply to other societies.

Of the total labours existing in the exploitative society, some hundreds of unnatural labours will have to vanish completely in the new society of tomorrow. The form and character of some more kinds of labour (like labours of criminal investigation and trial) will change. All the labours concerned with food, art and such other natural needs will remain undisturbed eternally.

Questions :

1. Are you a productive worker or an unproductive worker? In the Public sector or in the Private sector?
2. Is it correct to say that 'Productive-unproductive' distinction is formed depending upon the natural and unnatural distinctions among the labours?
3. A cook who works in the house of a master prepares certain dishes with her labour. The labour of this cook will be in the form of making 'articles' instead of 'work'. Though this labour is in the form of

making articles it is 'unproductive labour'. Now give 4 more different examples (1) productive labour in the form of 'work', (2) Unproductive labour in the form of 'work', (3) Productive labours in the form of producing articles, (4) Unproductive labours in the form of producing articles.

4. How many kinds of labour are there at the place of your work? How many of them are productive? How many are unproductive? How many grades are there in wages? Count the grades beginning from the managing director to the gatekeeper.

5. 'Every labour gives some use-value or the other'—To show this fact take 10 kinds of labour and tell the use-value that these labours give. (Take half of those labours in the form of 'work').

   1) Weaving labour—changes yarn into cloth.
   2) Labour of driving a cart/car—transports people and articles. Tell like this.

6. Are these observations correct?

   1) That which gives surplus labour is productive labour and that which does not give surplus labour is unproductive labour.
   2) Capitalist benefits from the productive labour. But he loses from unproductive labour.

7. Are these labours productive, unproductive or independent? — Tailoring, medical care, cooking, writing.

8. Which of the labours is natural and which is unnatural? —Weaving, tilling, writing, giving judgements, catching thieves, fishing, sweeping the roads, animal husbandry, maintaining dogs, raising birds, hunting, washing trains.

9. Which of the statements given below are right and which is wrong?

   1) All the productive labours are wage labourers.
   2) All the wage-labours are productive labourers.
   3) All the unproductive labours are wage labourers.
   4) All the wage labours are unproductive labourers.
   5) All the wage labours are productive and unproductive labourers.
   6) All the productive and unproductive labours are wage labourers.

7) All the independent labourers are unproductive labourers.
8) Family labour is unproductive labour.

10. Are all the following activities 'labours'? Which is 'labour'? Which is not? Cooking food, eating food, doing physical exercise, horse-riding, reading books, writing, swinging, cutting the cloth, sleeping, sitting, and watching films.

11. What is the kind of labour of those who work in the press where currency notes are printed and in the mint where coins are made: productive or unproductive?

12. Fill in the blanks:

    1) The employer sells back the labour of _____ labourers.
    2) The labour of _____ labourers is a 'use-value' for the employer.
    3) The surplus labour that comes from the productive labour will be in the form of _____ .
    4) The surplus labour that comes from the unproductive labour will be in the form of _____ .

13. Productive-unproductive distinction will be there even in the case of articles. Explain this point with examples.

14. What kind of change will occur in the society if we make the following rule and why?: "whoever wants to do labour, may do it; those who don't want to do labour, need not do it"!

15. Are these expenses connected with 'capital' or with 'income'?

    1) A capitalist bought a ticket and watched a movie.
    2) A worker bought some books.
    3) A capitalist offered cool drinks to a mechanic
       Who came to repair the machine.
    4) A capitalist took all his workers on a picnic.
    5) A capitalist bought a special kind of shoes for
       the workers to wear at the 'work place'.

16. Tell the names of some articles that function 'productively'. Similarly, names of the articles that function 'unproductively'.

17. Are these productive articles or unproductive articles? Can you decide? Pen, needle, train, kerosene, water, toothpaste, soap, coffee.

18. A leader of a group of thieves earns money by organising thefts in league with some thieves. Are the thieves who work under that leader productive labourers?

19. A capitalist has 300 income in his hand. Out of it, he spent 100 on unproductive labours. The rate of surplus labour is 200%. How much expenditure is saved from the expected expenditure on unproductive labours?

20. When will the gardener become a productive labourer?

21. When a capitalist acts as a director in a private 'production place', that director fixes his wage for himself. Who fixes the wages of MLAs, MPs, and Ministers in the government?

22. The value of a 'mass of social production' is 120. Out of it, constant is 80. Variable is 20. Surplus value is 20. Suppose that the mass of Independent producers is also merged with this mass. Also suppose it is 10%. If we deduct it, what will be the details of the components of the remaining production?

23. A tailor who is an independent producer stitches some clothes free for his relatives. Is that labour a value or use value for him.

24. Are you an Independent producer? If not, do you know such families?

25. If you are a worker, does you family get any income that comes from exploitation? That is, does your family get some income in the form of interest or rent?

26. You are a car driver in the house of a rich person. Your master every day go to hotels, films, marriages, parties, shire, and friends' houses. On such occasions you keep waiting at the car for 2 or 3 hours. During that time, many poor people, small children and aged people go walking beside your car. You have a car with you. You are able to drive it. You have time too. But you can't use that car for any one's need. Why? On the one hand there is a means of transport, on the other hand there is a need for it. Yet it is not useful for that purpose. What is the contradiction here?

27. You have waited, waited, and waited for a bus. You are vexed. You are tired. You saw an empty car going along the road. You stopped it. The driver allowed you sit in the car. As you sit in the car, you offered him money. Now you sat 'comfortably' in the car and are travelling. Then how do you feel?

    1) How nice it would be if we too have a car!
    2) Look at this driver, this fellow is earning money by deceiving his master.
    3) Driver appears to be a nice fellow. He has accepted as soon as I requested.
    4) While crores of people wait on the roads for several hours for the bus, these exploitative bandits who own cars travel so comfortably daily like this, don't they!

28. A capitalist calls engineers, if necessary, from other cities and countries and pays them unimaginable rates. He gets lawyers from other cities to argue his cases. He calls doctors to examine his health. Give some such examples that you know. Also tell if you know the amounts that he paid to them.

29. A film actor earned 20 crores of rupees in his acting-life of 20 years. Is it wholly his hard-earned money?

30. Insurance means 'safety fund'. The capitalist pays some amount of money to an insurance company every month right from the beginning to prevent losses due to any accident (fire accidents etc.,) at his work place or other means of production. Whenever he faces such a loss, the insurance company pays him some money. With that money, the capitalist buys again the destroyed means of production. It amounts to no loss to him individually. But here some means of production have really got burnt down. Then whose loss is this? What is the source of the money that goes monthly as a premium from the capitalist to the insurance company?

31. Is it right or wrong to treat 'giving birth to a child' as a 'productive activity' (productive labour)?

32. Doctors feel happy to see people suffering from diseases. Doctors get better income during certain special seasons. It is a matter of joy to the lawyer if he gets more cases. It is a matter of joy to the

mosquito-coil capitalist if the mosquitoes increase and it is a matter of joy to the anti-flies medicine capitalist manufacturing if the flies are on the increase. Give some more such examples.

33. Did the 'managers' or 'managing director' at your 'work place' get any governmental awards for 'raising' production or running the enterprise 'efficiently'?

34. We have seen that the entire population in a capitalist society is found in 6 situations. Which of the 6 situations of the women who live in the household only and do the house work belong to?

35. Common kitchens will liberate women from domestic slavery. How do they liberate? Why can they do it?

36. Special note to the artists:

    Prepare a plan necessary to build a 'common kitchen'. The population of this kitchen includes 50 people. A place for washing vessels. A place for cooking. A place of eating. A hall for those who would like to sit for a while before or after the meal. A small room for little children, if necessary, to put them to sleep. There should be 2 bathrooms and 2 latrines. These should be far away from the place of cooking and eating. There should necessarily be some premises all around the kitchen. Draw a plan keeping all these things in view.

●

Chapter 6

Expansion of capital

As society has to make its products always, the process of production is an ever flowing stream that goes on and on, again and again.

Every process of production exists as a 'process of reproduction' and every 'process of reproduction' as a 'process of production'.

If Monday is the 'tomorrow' of Sunday, Sunday is the 'yesterday' of Monday. Each and every day exists as 'tomorrow', 'today' and 'yesterday' as well. Similarly, every process of production stands once

as 'future process of production', once as the 'immediate process of production' and once as 'past process of production'. The immediate process of production goes on with the products that were made in the past process of production and makes products that are necessary for a future reproduction.

In this chapter we will mainly examine the following questions: what sort of relations exist under capitalism between the process of production of one year and the process of production of the following year? What impact will they have on the capitalist class and the working class?

(1) Simple Reproduction:

If the entire 'surplus value' (the entire surplus production) that comes out of one 'process of production' is used up for the individual/personal consumption of those who share it (surplus value) and if the process of production is carried out again only with the old capital and at the earlier level, it is Simple Reproduction.

The capital that functioned for 100 metres of cloth is 100 rupees. (80 constant + 20 variable). The surplus value that comes is Rs. 20. The entire production containing this 20 surplus value will reach the exploiters. Suppose that they used up this for their personal consumption. If a new process of production has to takes place, it will be done only with 100 capital as the first one. That is, with the same means of production and labour power that were spent earlier. Then the cloth produced will also be of 100 metres as earlier. The surplus value that comes from it will also be again 20. Thus, if the exploiters use up the entire surplus value (entire surplus production) and undertake the new process of production on the same old scale, then it is Simple Reproduction.

(2) Expanded Reproduction:

If some portion of the 'surplus value' adds to the initial capital and if the new process of production takes place with the increased capital and on an increased scale, it is Expanded Reproduction.

In the cloth example, 100 capital (80c+20v) got 20 surplus value, didn't it? All those fellows who shared it, without spending it simply for personal consumption, may add certain portion of their respective shares

to the 'capital'. Even if all of those fellows do not add, at least the productive capitalist may add some portion from his 'profit'. Such details as 'who are the fellows that added their portions to the capital' are not relevant here. Leaving out such details, let us suppose that '10 surplus value' out of '20 surplus value' is again added to the capital. Now the total capital will be 110. It means that products of `10 value' out of the surplus products of '20 value' come as new capital into the production place. To the past products of '100 value', these surplus products of '10 value' add and thus now products of total value of 110 function as 'capital'. Functioning of products of 110 value as capital implies that some of those products are 'means of production' and some are 'necessaries of life' for the workers. The process of production that takes place with this capital of 110 will be on a larger scale than earlier. Hence it is 'Expanded Reproduction'. This will get more surplus value than earlier. The proportion of constant and variable portions in the old capital is '80:20'. That is '4:1'. Suppose the new capital that adds to the old capital too functions in the same old proportion. If we divide the newly added capital of 10 into constant and variable, we will find 8 constant and 2 variable. If we assume the surplus value as 100% as earlier even now when the capital has become 110, the surplus value then would be 22. If 100 capital yields 20 surplus value, 110 capital yields 22 surplus value. Thus more surplus value is obtained when functioned with more capital.

1. The source of 'capital'

Every capitalist begins his industry with some capital or the other, doesn't he? Where does he get it? What is the source of total capital of the capitalist class as a whole when the capitalist mode of production began?

Wherever capital exists and whenever it exists, its source is, in one word, 'exploitation'. Exploitation has been there since the days of slavery. The class of slave masters appropriates the 'surplus production'. Though the term 'land rent' did not exist as yet, the term 'interest' was already there. Similarly, 'commercial profit' was also present during that period so far as 'trade' was in existence. Later, the term 'land rent' had begun afresh in the feudal society. Commercial capital and money-capital had also been there since the earlier times. It is no wonder to find money and properties in the hands of a few persons since they have been exploiting labour in so many ways and confiscating land, gold and silver.

For the sake of example, let us here suppose that the initial capital in the hands of the capitalist has not come due to exploitation. Let us suppose that a person performed labour as an independent producer for some period of time, used his earnings very economically, accumulated a 100 money, invested it as capital, engaged workers, stopped performing labour for himself and started an 'industry'. Thereafter, that person becomes a capitalist.

The proportions of that capital are '80c+20v'. The rate of surplus value is 100%. Let us suppose that it takes one month to complete a process of production. It means that the capital returns once in a month and yields 20 surplus value. The capitalist uses up the surplus value for his personal consumption and always reinvests only 100 as capital. This means, the capitalist himself consumed his capital during those 5 months. Or, in other words, he consumed surplus value equal to the value of his capital. Both ways of saying things are the same. If the capitalist, who initially invested 100 capital, consumes the surplus value of 100 in 5 months, the capital of 100 that is there in his work place will belong to the workers from the beginning of the 6th month.

Suppose that the capitalist also performs labour along with the workers. Then the amount of surplus value which that capitalist consumes every month will diminish. In such a situation, it takes, instead of 5 months, 1 or 2 months more for that capitalist to consume surplus value equivalent to the value of his capital.

To make our example simple, let us suppose that the capitalist does not do labour but earns 20 surplus value every month.

Suppose that the capitalist, without using the entire surplus value for personal consumption, adds some portion of it to capital. In such a situation as well, it takes for him some more time to consume his capital for himself. In this example, let us suppose, he uses only 10 out of 20 surplus value every month and adds the rest to capital. Due to this, capital increases month after month. In the very first month, he gets 20 surplus value from 100 capital. (We are assuming the rate of surplus value as 100%. We will make the same assumption in the subsequent months also). In the 2nd month capital will be '100+10=110'. It yields 22 surplus value. Out of this, if the capitalist uses 10 and adds the remaining 12 to the capital again, the capital in the 3rd month will be 110+12=122. From this,

he gets 24 surplus value. Out of this, if he uses 10 and adds 14 to the capital, the capital in the 4th month will be 122+14=136. From this, he will get 27 surplus value. —Thus, as certain portion from the surplus value adds to the capital every time, the capital increases and due to it the surplus value as well increases.

It takes 10 months for the capitalist to consume for himself the 100 value of the initial capital if he consumes only 10 per month out of the surplus value. If we see after 10 months, his capital will be more than 200. By then, the capitalist will have consumed the surplus value equivalent to his capital originally invested. Therefore, that whole capital thereafter belongs to the workers.

The point which we have to grasp here is that, though the initially invested capital is the fruit of the capitalist's labour, the surplus value that the capitalist gets from it is not his hard-earned money. Though he invests whatever (money) he earned by means of his own labour, it (money) has to function as a force that exploits the labour of the workers from the very moment it begins to function as capital. If there were no situation of exploiting labour, there would be no profit, no capital and no capitalist.

Even by the time when it becomes clear that the capitalist has consumed the value of his capital, all the initially introduced instruments of labours may remain in a sound condition. There need not be any relation between the period of time that takes for the total wear and tear of instruments of labour and the period of time that takes for the capitalist to consume the value of his capital. It may become clear that the capitalist has already consumed his capital while the instruments of labour are still afresh.

A capitalist initially started an industry with a capital of 5 thousands. Out of it, the value of one machine is 2 thousand. Its life -time is 10 years. That machine will not be completely worn-out unless it works for 10 years. But let us suppose that the capitalist has earned a surplus value of 5 thousand within a period of 2 years soon after he started the industry. If this happens so, it amounts to the fact that the capitalist has taken back his capital while his instruments of labour are still intact. If the surplus value that comes every month were still more, the surplus value that the capitalist earned would become equal to his capital while all his

instruments of labour are still afresh. It means that the fellow has eaten way his capital quite fast. But if some one sees the factory building in tact and instruments of labour in a good working condition, it appears as though the entire capital of the capitalist is stable and that the whole capital belongs to the capitalist alone despite the fact that the industry began a long time ago. It appears so not merely to the capitalist but to the workers as well.

But what is the truth? Whether production processes take place on a simple scale or an expanded scale, every capitalist eats away the value of his capital. Therefore, not a single atom of that capital belongs to the capitalist. Thenceforth, that capital and the surplus value that comes due to it¾everything belongs to the workers only.

Calculations such as 'how much surplus value came each year', 'how much time did it take to spend the initial capital' are relevant only in the case of those examples where the initial capital is a hard-earned money of the capitalist. In those instances where the initial capital is not the hard-earned money, even that much calculation is unnecessary. In such instances, the capital belongs to the workers right from the day one. That is, it belongs to the workers who worked in the earlier period of time.

A capitalist borrowed some capital and started an industry. He repaid the borrowed loan. Since then, he owned that capital. In such a case, will that capital belong to the capitalist? To know this, we have to know as to how he repaid the borrowed loan. How did that fellow clear that loan? Not by his hard-earned money; but only with his 'profit'. That is, with the labour of the workers! The whole thing would belong to that fellow only when he repaid the borrowed loan with his hard-earned money. When the loan is cleared with profit, that capital won't belong to that fellow. That sum would belong to those who are responsible for that profit.

In whatever manner we may see, capital belongs to labourers. It belongs to the labourers of the past times in such instances when it does not belong to the present-day labourers. It belongs to the parents, grand parents and great grand parents and to even earlier ancestors.

When we say that 'capital belongs to labourers'—which labourers? Productive or unproductive?

Any labour that converts into 'money' belongs to the 'productive labourers' only. Therefore, the whole 'capital' is part of the 'surplus value' of the productive labourers.

As the labour of the unproductive labourers does not convert into 'money', neither their surplus labour converts into money nor some portion of it converts into 'capital'. Yet, we should not forget at any moment that the exploiting class constantly extracts 'surplus labour' from the 'unproductive sections of the labourers' and subjects them to exploitation.

In some contexts, for the sake of making our example simple, we disregard the productive-unproductive distinction while definitely remembering that distinction. Therefore, when we say that 'capital belongs to labourers', we look at it as something thing that belongs not simply to productive labourers but to both productive and unproductive labour as a whole.

Whatever happens in the case of an individual capitalist, the same thing that happens in the capitalist society as a whole. The productive and unproductive labour alone are responsible for the total 'social capital' that exists in the capitalist society.

Explanation of exploiters regarding rich-poor differences:

Pointing out the heaps of capitals in the hands of the capitalists and lands in the hands of the landlord, you ask them thus, 'how did you get all these properties?'. Without hesitation and with pride they say: 'our forefathers gave them!" to this, their economists give testimonies thus: "Yes! That is true. Their forefathers gave all these properties. They worked very hard, accumulated them and gave it to their children". This is the unanimous answer that their economists give regarding the 'properties of the exploiters.

> "The original capital was formed by the advance of £10,000. How did the owner become possessed of it? 'By the own labour and that of his forefathers', answer unanimously the spokesmen of Political Economy." (Capital, vol.1, p.546-7)

All these economists keep repeating a 'rotten' story even till today. 'All the hard workers who did lot of labour in the olden days earned properties. They used those properties very 'economically' and handed over to their children, grand children and great grand children. All those

idlers who did not do work since ages and those who worked but misused their incomes remained in poverty! Those who work very hard always become rich and those who do not have such characteristics remain poor! This alone is the reason for rich-poor differences! This is the shameless, useless and scoundrolous story that the exploiting class and its stooges consisting of economists and intellectuals tell even today without hesitation.

In the exploitative society either in the olden times or the present times, the remuneration for the 'labour' has been products that inadequate even for 'minimum maintenance'. Those products are spent as and when they are given. Unless they are spent that way that there won't be any scope for the reproduction of the 'labour power'. Had the forefathers of the present capitalists and landlords really performed labour once the fruits of their own labour would have been spent on their maintenance.

If a landlord got a thousand acres of cultivable land from his father and grand father, does it mean that his father and grand father alone made that thousand-acre land cultivable? Even assuming that those guys worked very hard day and night, it is not possible to carry out so much work with the past productivity. The labour of many hundreds and thousands of people made the land cultivable. It if were only two individuals, they cannot keep more than 4 or 5 acres of land constantly in cultivation with their labour. Then what is the reason for handing over a thousand-acre land, gold, silver, mansions of lacs of rupees worth to a grandson by a grand father? It means that his grand father earned all that by means of land rent, interest, commercial profit or from all those sources taken together. Only thus are the grand fathers are able to hand over so much land, heaps of money, mansions, gold, silver, diamonds and the like.

It is really an impossible thing for those who live on 'labour' to accumulate properties. Even if they save some thing or the other through thrift without even eating adequately, there will be many expenses connected with several incidents that take place throughout the life, namely, ill health and natural calamities etc. After all those expenses, one may get a fistful of money and couple of acres of land. Families that live on own labour cannot accumulate more than that or not even that much. The best proof for this is the inability of the labouring class to accumulate anything as its property despite the fact that it has been labouring since thousands of years.

The forefathers of labourers are also hard workers. But unlike the forefathers of the capitalists, they could not accumulate and hand over hundreds and thousands of acres of land and thousands and lacs of money. Why? It is because they had really lived on labour. It is because they did not get interest, rent and commercial profit. It is because it was a daily fear of death to maintain themselves. Hence they could not accumulate any properties.

If we take Independent producers into consideration, they are able to live in some comfort with their labour because they are not subjected to exploitation; but they too cannot accumulate large properties.

Thus all kinds of properties like agriculture, lands, precious metals, monuments, diamonds etc., that are handed over from one generation to another are nothing but the fruits of the surplus labour of the labourers of the respective periods of time.

All such monuments as Pyramids, Taj Mahals, China Walls et., are simply the results of surplus labour of labourers of the respective periods of time.

As the entire portion given to those labourers as remuneration for their labour was spent on their maintenance then itself, it won't appear in the subsequent periods. But surplus products made of their surplus labour go into the treasury of the rulers and build such monuments. Those monuments made of surplus labour of the past stand before us even today. The present day exploitative society shows special care and interest in the monuments of the past since they were created by the surplus labour extracted by the exploitative society of the past.

In Marx's words:

> "Since past labour always disguises itself as capital, i.e., since the passive of the labour of A, B, C, etc., takes the form of the active of the non-labourer X, bourgeois and political economists are full of praises of the services of dead and gone labour," (Capital, vol.1, p.569, Moscow 1974).

> "Nevertheless the grand structures of ancient Egypt are less due to the extent of its population than the large proportion of it that was freely disposable. Just as the individual labourer can do more surplus-labour in proportion as his necessary labour-time is less, so

with regard to the working population. The smaller the part of it which is required for the production of the necessary means of subsistence, so much the greater is the part that can be set to do other work." (Capital, vol.1, p.480, Moscow 1974).

If the 'surplus labour', which the class that does not do any labour gets, is less, it is not possible to spend unlimited labour on large monuments after deducting the maintenance and luxuries of that class from the surplus labour. Though the surplus labour that is obtained from each labourer is a small piece, it is true that all such pieces together increase the 'mass of surplus labour' if the population that renders such small pieces is in large number. Yet the mass of surplus labour thus drawn is also not a major factor. Such monuments are possible only when the labouring person spends less time out of his labouring time as necessary time and leaves more time as surplus time. If crops grow well and productivity is high; if the labour of less number of people is enough for the societal needs, and more people are 'free' without work, then it is possible to utilise that free 'labour power' on the construction activities of such monuments which are unnecessary and which are not useful to life in any manner. Those monuments will not be useful in any manner: either as living places or production places or rest houses. They are 'monuments' for 'monuments' sake! They separate 'aesthetics' from the use-value and make them stand in isolation. Aesthetics becomes part of real life only when it is merged with a use-value. Only then the daily life becomes 'beautiful'. To view every thing from a use value perspective does not mean that it abandons aesthetic sense. It only abandons the aesthetic values of the exploitative societies. Separating aesthetics from the real life and making it merely an 'exhibition', is the character of the exploitative societies.

Now let us again see the properties given by the fathers and grand fathers of the capitalists.

The capitalists, landlords who inherited huge properties from their fathers and grand fathers always narrate the stories of hard work of their forefathers but they don't refer to their own hard work. They believe or pretend to believe that the properties which their forefathers gave them keep giving every year new grain, new clothing, new shoes and all kinds of new products without the need to do hard work afresh.

Today, we know the source of incomes of productive, commercial, and money capitalists and the landlords. But tomorrow, the children of these sections will tell the public: "Our fathers and grand fathers worked hard and earned all these properties which they gave us". The fathers of these fellows had also told the public in the same manner. These fellows also tell repeat: "Our fathers gave! Our grand fathers gave! Our great grand fathers gave!" Children of any worker cannot say so. There won't be any other impossible thing on this earth than accumulating the properties by the labours and handing them over to their grand and great grand children. It is much easier to make the camel pass through the hole of a needle.

Therefore, there is not an atom of truth in the claim of the capitalist that 'we got the hard-earned money of our forefathers as capital'. The working class should make such a claim pointing out the properties in the hands of exploiting class. It can unhesitatingly make the claim like this: "All these properties belong to our forefathers, to our class! These are the properties, which the labouring class has been providing for the past hundreds and thousands of years. All these are ours!" Therefore, the working class should not heed to the routine ballads of the exploiting class about the labour of their grand and great grand fathers and 'confiscate' those properties without a second thought.

All the properties in the hands of the exploiting class throughout the world belong to the working class only. Of the total labour spent on them, some portion belongs to the past labourers and some portion belongs to the present day labourers. There won't be any illegitimacy, any injustice, and or anything horrible in the confiscation by the working class of the properties from the hands of the exploiting class. It amounts to getting the fruits of one's own hardship. It is the only way to challenge the illegitimacy and injustice that the working class has been facing since a long time.

All means of production such as agricultural lands, factories, mines, water sources, and means of transport belong to the workers! All products from broomsticks to diamonds belong to labourers! When each atom, which the labour produced, belongs to the labourers, human society 'itself belongs to the labourer. There is no place to human animals who do not perform labour.

2. Accumulation of capital

The objective of the capitalist is not simply to earn surplus value and use it comfortably. Also to add some portion of it to the capital and increase the capital. Capital increases only when some part or the other of surplus value is added to the capital. If capital increases due to the addition of surplus value, it is capital accumulation.

It is not possible to add the entire surplus value of one year to the capital either in the case of a single capitalist or the entire capitalist class. If they add like that, then they won't have means of subsistence. A capitalist uses compulsorily some part or the other of his surplus value for his personal consumption and can only add the remaining part to the capital. It is not possible either for an individual capitalist or his class to add the entire surplus value to the capital.

Just as it is not possible to add the whole surplus value to the capital, it is also not possible to spend away the entire surplus value. Not because that 'surplus value' will be too large for the exploiting class to consume. Though this is also a reason, it is not the actual reason. Here, we will see a 'technical reason'.

While understanding the nature of 'capitalist mode of production', understanding of the following aspect is as much important as the understanding of surplus value. Only if we understand this aspect, will we be able to know the nature and consequences of the capitalist reproduction process.

At the outset, we have seen that it is simple reproduction if the production process takes place with the old capital and without adding surplus value to the capital; it is 'expanded reproduction' if some portion of the surplus value adds to capital and the production process takes place on a larger scale. We have seen 'Simple Reproduction' only to understand things in an order. But, Simple Reproduction does not at all exist in capitalist mode of production.

Every annual reproduction would necessarily be 'expanded reproduction'. Because the capitalist class does not intend to retain capital at its earlier level. It always intends to expand the capital over that in the past whether it is necessary or not. Accordingly, it organises the production process in such a way that it is possible to add compulsorily some portion

of the surplus value to the capital and to increase the capital. Therefore, under capitalism, Reproduction is always carries out as 'Expanded Reproduction' instead of as 'Simple Reproduction'. Yet, that is, though Simple Reproduction does not exist in capitalism, we will be examining not only 'Expanded Reproduction' but also 'Surplus Reproduction' whenever necessary in order to understand clearly all the aspects concerning 'Reproduction'.

The entire production enterprises in the 'society' will be of 2 kinds. Some enterprises produce merely 'means of production'. Cotton, for example, is useful merely as raw material. That is, the enterprise that produces cotton is merely an enterprise that produces means of production. Similarly, all the enterprises that produce machines, coal, petrol, paper, raw metals, cement etc., are the enterprises that produce means of production.

The second kind of enterprise exists merely as those enterprises that produce means of subsistence. (We are including 'the luxuries' also under this). All such enterprises as rice mills, flour mills, textile mills, hotels, ready-made garments, factories, shoe factories, means of transport, newspapers, printing presses, watch factories etc., are those which produce means of subsistence. The productive enterprises are thus of 2 kinds. The enterprises that produce means of production produce all the means of production necessary for these 2 kinds of enterprises. The enterprises that produce means of subsistence produce all the means of subsistence necessary for the workers and capitalists of these 2 kinds of enterprises. Capitalists get surplus products from these 2 kinds of enterprises as well.

The entire production that comes from the cotton-producing enterprise will be in the form of cotton only. That is, in this enterprise, surplus production too will be in the form of cotton. The entire surplus production in the enterprises that produce machines will be in the form of machines only. Thus, some amount of 'surplus production' comes out from each enterprise that produces means of production. The surplus production in a given enterprise will also be in the same form as the production in that enterprise.

We know that any commodity will consists of 3 portions: (1) The portion of means of production. This is **c**. (2) The portion of wages of productive labourers. This is **v**. (3) The portion of surplus value. This

is **s**. Similarly, the 'social mass of production' too will be of 3 portions. We can divide that mass too into 3 portions. As **c+v+s**.

The 1st portion consists of means of production only. That is, raw material, instruments of labour, auxiliary material. How many will these be in total? These will be as many as the means of production used to produce this total mass. All the used-up means of production are produced again and found in this portion.

The 2nd portion consists of means of subsistence of the workers only. As there are various levels of labourers among the productive labourers, this portion consists of all kinds of articles, which all those labourers use. How many will these be in total? All the products—that the productive labourers used under the name of 'wages' during the period in which this 'total mass' is produced—are produced again and found in this portion. It is very easy to understand the 1st and 2nd portions. Only the 3rd part will confuse a little.

All the products that remain after deducting the first 2 portions from the total mass of products are 'surplus products'. We have to understand this part properly. What sort of products does this portion consist of? Are these useful simply to individual consumption? Or, are these useful simply as means of production? Or, do they include both kinds of 'products'?

Answer to this question will be of one kind in the case of 'Simple Reproduction' and be of another kind in the case of 'Expanded Reproduction'.

In the case of 'Simple Reproduction', there won't be surplus means of production and surplus means of subsistence in the portion of **s**. In the case of 'Expanded Reproduction', these 2 items will be in the portion of **s**. We will now see only these things by means of some examples.

Let us call all the branches of means of production together as Group 1 (or Department 1) and all the branches of means of subsistence together as Group 2 (Department 2). What is the relation between these 2 groups? It is this relation: these two groups sell their commodities each other. If the 1st group supplies 'means of production' to the 2nd group, the 2nd group supplies 'means of subsistence' to the 1st group. This itself is the relation between these groups.

Between the 2 groups, let us now see firstly 'Simple Reproduction' and then 'Expanded Reproduction'.

1) Simple reproduction

We have assumed that there is only 'Simple Reproduction' in both the kinds of groups in the society.

(1) In all the branches of 'means of production':

Capital is 500. It consists of '400c+100v'. That is, in the proportions of '4c:1v'. Rate of surplus value is 100%. Mass of surplus value is 100.

Newly produced articles : 400c+100v+100s=600.

All these products of 600 value are to be used as means of production only. In these products, there is 'surplus production' of 100 value. Even that is in the form of 'means of production'.

(2) All the branches of means of subsistence taken together:

Capital is 250. It consists of '200c+50v'. That is, even here we assume the proportions to be '4c:1v'. Rate of surplus value is 100%. Mass of surplus value is 100.

Newly produced articles: 200c+50v+50s=300.

All these products of 300 value are 'means of subsistence' only. These products include a 'surplus production' of '50 value'. It will also be in the form of means of subsistence.

If we see both the groups taken together:

1. 400c + 100v + 100s = 600.
2. 200c + 50v + 50s = 300.

600c + 150v + 150s = 900.

The total capital of the 2 groups is 750. Total surplus value is 150.

If we take only the group of means of production and see the means of production that have been spent, they would be 400. But the new means of production that are again produced are 600. Hence, here, it appears as if there are surplus means of production of 200 value. But if we see the total expenditure of means of production of the 2 groups together, the situation will be different. The total expenditure of means of production is 600. But, the means of production are also 600 only. If these new means of production are supplied again to 2 Groups (400 to Group 1 and

200 to Group 2), it amounts to the fact that new **c** is supplied instead of old **c**. It means that no surplus means of production have been produced in the 1st Group. Here there are no surplus means of production.

Same is the case with 'means of subsistence' also. If we consider the group of 'means of subsistence' only and see the articles of consumption, they are 100 (we have to see articles of consumption for both workers and capitalists in this group). But the new means of subsistence produced again are 300. Hence, it appears that there are 200 surplus means of subsistence here. But if we see the total expenditure of means of subsistence of not only this Group but also 2 Groups together, here also situation will be different. The total expenditure of means of subsistence in both the groups taken together is 300. The new means of subsistence produced again are also 300 only. If these new means of subsistence are again supplied to both the groups (200 to Group 1 and 100 to Group 2), it amounts to the fact that new **v+s**, instead of old **v+s**, are supplied. That is, it does not mean that no surplus means of subsistence have been produced in the 2nd group. Here there are no surplus means of subsistence.

If we combine both the groups and see the total mass of production, it would be as follows:

600c+150v+150s=900.

The entire **c** consists of used-up means of production.

The entire **v** consists of used-up means of subsistence of the labourers.

Then what about **s**? What sort of products does this portion consist of? Here, s portion is 150. The whole of this consists of means of subsistence for the capitalist class (of both the departments). This is the surplus production through 'Simple Reproduction'. Out of this **s**, 100 for the subsistence of the capitalists of the 1st group and 50 for those of 2nd group will be distributed. Thus, the capitalist class has to use up '150s' again now for its maintenance, as it used up '150s' in the earlier production process. There won't be more opportunities in this s than that.

What has happened in 'Simple Reproduction' is this: Used up means of production (600c), used up means of subsistence of the labourers (150v), used up means of subsistence of the capitalists (150s)—only these

elements have been again produced. There are no surplus means of production or surplus means of subsistence in this portion of **s**. Unless these are present, it is not possible to convert some portion of s into capital.

It means that, though there is 'surplus value' in 'Simple Reproduction', it is not possible to convert some portion and increase the capital. That is why, capital always functions on the previous level in Simple Reproduction. If the capitalist class carries out reproduction process by using the previous **c+v** only without increasing them it is 'Simple Reproduction'. By this, capital will not increase. But, the capitalist class keeps eating new s every time, without doing itself any labour.

Now, let us see how it happens in the 'Expanded Reproduction'.

2) Expanded Reproduction

In order to carry out 'Expanded Reproduction', certain portions from the surplus values of both the groups should add to the capital and the reproduction process should be carried out on an increased scale with increased capitals. Surplus means of production and surplus means of subsistence, necessary to carry out production at an increased level, should have already been produced in the production process itself.

The examples that we have seen earlier under 'simple reproduction' will not be applicable here as they are. These examples will be somewhat different.

Let us suppose that the total products produced in a year's production process are as follows:

In the 1st group: 400c + 100v + 100s = 600.
In the 2nd group: 150c + 75v + 75s = 300.
550c + 175v + 175s = 900.

If we see the Group of 'means of production' separately, it appears as if it has '200 surplus means of production'. Similarly, if we look at the 'means of subsistence' separately, it appears that it too has '150 surplus means of subsistence'. But it is not enough to see these groups separately like this. We have to see whether surplus means of production and surplus means of subsistence are there even when we combine both the departments.

First let us see 'means of production'.

The total mass is 900. How many means of production in both the groups are spent to produce this? 400c+150c=550c. How many new means of production are produced again? 600c. It means that in this group, 50 means of production are additionally produced.

But, which portion consists of these surplus means of production? **c** portion, **v** portion or s portion? Neither in **c**, nor in **v**; but s only.

The s portion in this group is 100. This is 'surplus production' of this group. The whole of it is in the form of 'means of production' only. But all this does not include 'surplus means of production'. Only 50 alone are surplus means of production in it. It is because, 550 out of 600 means of production that are produced afresh in this group were consumed in both the groups in the past. Therefore, only the additional 50 alone represent 'surplus means of production'.

Now let us see the 'means of subsistence' produced in the 2nd group.

How many means of subsistence in total were spent for the 2 groups in the past? How many means of subsistence have again been produced? Are there 'surplus means of subsistence' here? How many are there? To find out answers to these questions, we look at the products that appear in those groups and will be surprised very much initially. It is because the total means of subsistence spent in 2 groups together appear as 350 and the newly produced means of subsistence as 300. We will be astonished thus: 'What is this? Not even the used-up means of subsistence have returned, let alone the surplus means of subsistence!' But we can realise our mistake if we think once again.

This is not 'Simple Reproduction' but 'Expanded Reproduction'. In this reproduction, the entire s is not meant for the personal consumption of the capitalist. Only a certain portion of s is meant for their personal consumption. The remaining is meant for converting into 'new capital'. Therefore, capitalists should not take the entire s as means of subsistence. They have to take only some portion of it. If we see like this, subsequent and newly produced 'means of subsistence' alone will be greater than the initially used-up means of subsistence. Then, 'surplus means of subsistence' will appear here also.

First let us see how much of their s the capitalists of the 1st group use for personal consumption and how much they convert into new capital.

We supposed the production in the 1st group as 400c+100v+100s=600. Of this, surplus value is 100. Out of this s, let us suppose, 50 is for the maintenance of the capitalists of this group and the remaining 50 is for converting into a new capital in this group. The '50s' that converts into new capital does not convert either wholly into 'constant' or wholly into 'variable'. We have to see the proportions of 'constant and variable' in the previous capital. The previous capital too splits according to those proportions into two portions, thus a certain portion adds to the constant component, and a certain portion adds to the variable component. **c+v** of this group are in the proportions of '4:1'. Hence, the '50s' that is going to convert into new capital will also add to the old capital in the same manner. That is, out of this '50s', 40 will go to constant and 10 to variable. When reproduction takes place in this group, we will find,

Old 400c + New 40c = 440c.

Old 100v + New 10v = 110v.

That is, out of the already produced '600 means of production' in the 1st group, '440 means' will be used in the same group. Still '160 means' remain. They go to the 2nd group and means of subsistence of '160 value' will come from that group into this group. Out of those 160 means of subsistence, old and new workers of this group get articles of 110 value and the capitalists get 50 articles. Thus '50 surplus value' of this group will change as 'new capital'.

Here the old capital=400c+100v=500. The total capital after the new capital is added=440c+110v=550. Reproduction here takes place with this increased capital. If we assume the present rate of surplus value is the same as the previous one at 100%, the value of the newly produced articles =440c +110v +110s=660. After the completion of the Reproduction Process, there remain here means of production of 660 value. These are 60 more than those (600) produced in the previous process of production.

In this manner, every process of reproduction in this first group is carried out with increased means of production.

Now let us see the 2nd group. Here we assumed the production to be, 150c+75v+300. The proportions of **c+v** are 2:1. Here the surplus value is 75. Out of this **s**, let us suppose, 60 is meant for the maintenance of the capitalists of this group and the remaining 15 is for converting into new

capital for this group. In this group, the **c+v** of the old capital are in the proportions of '2:1'. According to these proportions, the new capital here joins the old capital. That is, out of 15s, 10 into constant and 5 into variable. When reproduction takes place in this group, there will be old 150c+new 10c=160c and old 75v+new 5v=80v.

To carry on reproduction in this group, means of production of 160 value have to come from the 1st group. Therefore, means of subsistence of 160 value should go from here to the capitalists of the 1st group and get the means of production in return. If 160 articles out of the 300 means of subsistence here go to the 1st group, there remain 140 means of subsistence in this group. Out of them, 80 articles will be spent on the old and new workers and the remaining 60 articles for the capitalists. Thus 15 surplus value in this group will convert into new capital.

In the 2nd group, the old capital present before the reproduction took place was=150c+75v=225. The total capital after the addition of the new capital is 160c+80v=240. With this increased capital, expanded reproduction takes place here. If we assume the rate of surplus value to be 100% here also as we assumed in the 1st group, the value of production that is produced again afresh in this group will be =160c+80v+80s=320. There will be 320 means of subsistence after the completion of reproduction. These are 20 more than those (300) produced in the previous production process.

The 2 groups in the 1st process of production were like this:

1st group: 400c + 100v + 100s = 600.
2nd group: 150c + 75v + 75s = 300.

After the new 'Expanded Reproduction' the 2 groups will be like this:

Production in the 1st group: 440c + 110v + 110s = 660.
Production in the 2nd group: 160c + 80v + 80s = 320.

With these portions, expanded reproduction is possible subsequently also.

Now we will be able to understand the difference between the 'Simple Reproduction' and the 'Expanded Reproduction'.

We know that if we take 'total mass of production of a year, it would be of 3 portions. As **c+v+s**. All the used-up means of production

are again produced afresh and are found in the **c** portion. Their value is not produced afresh. It is simply 'transferred' from the past.

All the used up means of subsistence of the workers are again produced afresh and are found in the **v** portion. Their 'value' is also reproduced.

Only **s** portion is a completely new one. It is entirely surplus labour. This is what the capitalist class got without spending anything. All the surplus products connected with both the groups are found here. In 'Simple Reproduction', this whole portion of s will be the means of subsistence of the capitalist class. (Luxuries are also included here). It is quantitatively equal to the products used by that class in the past. But in the 'Expanded Reproduction', s portion will be of 3 kinds.

1. The portion that comes in lieu of means of subsistence which the capitalist class used in the previous year.
2. Surplus means of subsistence.
3. Surplus means of production.

Only when s portion consists of these 3 portions, is the Expanded Reproduction possible.

Well then, is the entire portion of 'surplus means of subsistence' meant for conversion into new **v**? Won't the capitalist class too use some portion of it? Surely. If it does not do so, the quantity of the means of subsistence that this class uses would always be at the previous level only. It is a meaningless thing. What is the use of yearly increase of the 'mass of surplus value' if the comforts and luxuries of the capitalist class do not increase than in the past? Therefore, the capitalist class would necessarily use some portion of the mass of surplus means of subsistence from the **s** portion. The remaining portion will convert into a new **v**. We have to understand things accordingly.

A capitalist may not be able to expand his capital since he uses up his entire profit in a year for his personal consumption. He may not be able to purchase surplus means of production. In that year, some other capitalists also may carry out their production processes at a simple level without expanding their capital. Some capitalist may do so. But all the capitalists as a whole (the class as a whole) will not do so. Even if all of

them want to do so, it is not possible. It is so because the s portion of the entire society consists of not only a portion meant for personal consumption of the capitalists but also surplus means of production and surplus means of subsistence. If no one purchases these surplus products, it is not possible to sell the entire s portion. If no one expands the capital, some portion of s remains without sales and without converting into money. If the entire s has to convert into money, it is imperative that the surplus means of production and surplus means of subsistence be sold out. It is also imperative that the buyers of those surplus means also convert them into additional **c+v**. The buyers buy them for that purpose only. The fact that the entire s portion of a year is sold out and converted into money implies that some portion or the other out of that **s** has necessarily added to the old capital and thereby the capital has expanded.

Using a year's **s** completely amounts to expanding the social capital than in the past. It is not possible to use **s** without expanding capital. This fact will not be evident if we observe individual capitalists. It will be evident only if we take into consideration the entire class. In the case of individual capitalists, it is possible to use s for the sake of means of subsistence without expanding capital. But it is not possible for the capitalist class to do so.

This fact will not be clear even when we see **s** simply as 'some money'. Let us suppose **s** as '100 money'. If that class wants to use that money for personal consumption, the factor that makes it impossible will not be evident from that money-form. If we treat **s** not simply as money but in the form of the physical details of those objects, we will find products that serve only as means of production and the means of subsistence that the workers alone use. These are not useful for the personal consumption. Only when we know all these details, will we know as to why some portion of **s** should convert into new capital.

It is possible for the capitalist class to convert **s** as new capital because the factors of production that can function as capital have already been produced.

In order to expand capital, the number of workers also should rise. It means that more number of workers should be available. This is not at all a problem in a capitalist society. In a society where unemployed people are found on a massive scale in each branch of industry, workers will

always be ready to serve the working class plays the role of supplying new generation of workers each year. Therefore, we need not discuss further about the number of workers.

When the surplus means of production on the one side and the surplus workers on the other are ready in the society, what the capitalist class does is to bring these 2 factors together. It does this job very enthusiastically.

Why do we say that 'capitalism is not simple reproduction'? It is not because 'it produces surplus value'. It can remain as simple reproduction even while producing surplus value. Hence it is not for that reason.

If capitalism is merely simple reproduction, there won't be any way to expand capital. But, capital has been expanding in the society. Capitalist accumulation has been taking place.

If **s** that is produced by means of capital does not include surplus **c+v**, then there won't be anything except 'simple reproduction'.

If capitalist accumulation has to take place, one should have used a portion of the past year's 'surplus value' for the additional **c+v**. Capital expands with these additional **c+v** only.

If we consider a given year as the first year and assume that there are some additional **c+v** in that year's 'mass of production', thenceforth every production process will necessarily exist as an expanded reproduction.

Old economists argue that capitalist accumulation does not occur in capitalism, that no situation arises whereby problems crop due to accumulation since accumulation itself does not occur. It is only to understand the mistake in their argument, that we are examining the capital accumulation in such a detailed manner.

As one expanded reproduction process necessarily produces surplus means of production and surplus means of subsistence, another reproduction process that occurs subsequently will also necessarily exist again as expanded reproduction process. One expanded reproduction will necessarily lead to another expanded reproduction.

In the first example, we took social capital as 900. This is expanded reproduction process. This capital of 900 produced a total **s** of 175 (100s

in the 1st group and 75s in the 2nd group). From this 175s, 65s have converted as new capital. The subsequent reproduction process will be carried out with a capital of 900+65=965. This again gives new **s**. This new s will be more than the **s** of the previous year (than 175). Again from the new **s**, some portion converts into new capital. If what changed into new capital last year was 65, what changes into new capital in the subsequent year will be more than 65. Thus expansion of capital takes place not only every year, but that expansion in a given year will be at a higher level than the previous year.

In the first example, we have taken the annual social capital as 900. We have also seen that it expands further and further every year. However, the initially considered capital of 900 is also something that has been expanding since the past.

That is, at one point of time in the past, the total capital that functioned used to be less than 900. It means that some amount of surplus value was added every year, capital expanded little by little and it became 900 at a certain point of time. We took the same as our first example. It increases further and becomes '1000' after some time. Later it becomes 2 thousand. Next 3 thousand. Next...Thus it keeps increasing.

Capital expands only if surplus value is added to capital. As that surplus value is that of the working class, that capital too belongs to the working class. The very labour of the labourers becomes 'capital' and becomes a new 'master' over them!

The objective of the capitalist class as well as an individual capitalist is nothing but expansion of capital. The capitalist who started an industry with some capital does not remain at the same level without expanding his capital and by spending away the entire surplus value. 'Rapid expansion of a capitalist' is something that appears even to an ordinary observation.

The struggle of competition among different capitalists for relative surplus value compels each capitalist to expand his capital. It very develops rapidly Mechanics, Chemistry and other Natural Sciences. Owing to this development, instruments of labour, raw materials etc., would be produced more cheaply than in the past.

As the capital accumulation (expansion) continues in the society as a whole, capital would be able to produce on a much larger scale by

adding means of production on a large scale and by bringing into existence gigantic forces of nature.

All the methods that increase productivity on the foundation of capitalism are those that increase surplus value. All the methods of increasing surplus value are those that again increase capital.

When surplus value has to convert in to capital, there is no such rule that it has to function in the same branch in which it was produced. It runs towards such a branch in which it believes that it can obtain more profits.

In the early days of capitalism, many branches of production would be available for the surplus value to function as new capital. It functions enthusiastically along the path of producing each 'use-value' of the society as 'commodity'. Capital accumulation gradually drags all the branches into capitalism. The products that were produced as complementary products along with some main products gradually become specialised products that are produced in main. New use values that did not exist earlier come into existence. As the division of labour increases, the number of branches of production also increases. Since the introduction of capitalist methods in almost all branches, struggle for 'relative surplus value' becomes intensified.

3. Centralisation of capital

As capitalism goes on increasing productive forces, the 'minimum amount' to be invested initially to start a business will increase. Unless one starts the industry with so much amount, it becomes impossible to withstand the competition in that industry and produce the commodities. Under these circumstances, capitals that begin at a small scale and capitals that cannot 'self-expand' rapidly with 'knack' will face losses unable as they are to withstand the competition, The big capitals that put on lot of weight due to the fact of relative surplus value buy cheaply the sick industries, merge them into themselves and keep growing as large-scale capitals. When some smaller capitals merge with a big capital, there won't be any new capital. The whole capital thus merged was already present in the society. This only means coming together of separately existing masses of capital at one place. Though the sum of capital does not increase when some capitals merge, that bigger mass of capital acquires high degree

of productivity that was not there earlier. Combination of different capitals and their expansion as a large capital is 'centralisation of capital'.

If a capital adds surplus value to itself and expands, then it is 'capital accumulation'. If different capitals combine together and become one big capital, then it is 'centralisation of capital'.

Centralisation of capital at one place is possible only if smaller capitalists at different places lose their capitals at a cheaper rate. This centralisation is possible until all the capitals become a single capital.

Owing to the apportionment of property in the capitalist families, it so happens that the large-scale capitals become smaller pieces. This acts in the opposite direction of centralisation of capitals. It stands as a hurdle for a rapid centralisation. This centralisation proceeds forward in the face of opposing forces on the one hand and accelerating forces on the other.

There is a till 'higher' form of centralisation of capital. Some big capitals may merge under an agreement. Or some smaller capitals may merge with a fat capital. Agreements regarding sharing of profits depend upon the sizes of the capitals. The enterprise, which thus forms, becomes a 'monopoly enterprise' or 'joint stock company'.

Let us suppose that there are altogether 10 capitalists in a branch of production (e.g., branch of coarse cloth) and they get 10000 metres of cloth produced in a year. If all these capitalists function separately and individually, there exists competition between every two capitalists. Owing to this competition, no capitalist can act as he pleases either in the matter of quality of the commodities or in the matter of determining its value. While all other capitalists sell 1 metre of cloth at a given price, one particular capitalist cannot fix a higher value to his cloth than others. If he does so, he cannot sell it. It means that when there is competition among all people all will have to sell their commodities approximately at the same value.

But things would be very different if a monopoly enterprise emerges in the same branch. Suppose 5 out of the 10 capitalists in the cloth branch together formed into a monopoly enterprise. Also suppose the cloth that they produce is of 800 metres. The commodity of the capitalists who are outside this monopoly enterprise is only 200 metres. That is, large part of the commodities is under the control of the monopoly enterprise. Therefore

that enterprise will be able to fix the value of its commodities as it pleases. The competition between that monopoly enterprise and the capitalists outside it will be very little. Though outside capitalists sell their commodities at a somewhat lesser value, this won't be an obstacle to the monopoly enterprise. When the major part of commodities necessary to the society is in the hands of monopoly capitalists, they can fix a higher value for their commodities and thereby earn more profit.

Though some changes take place in the competitive struggle due to the formation of a monopoly enterprise in a given branch, the phenomenon of 'competition' will not disappear totally.

In a given branch, 2 monopoly houses instead of 1 may be formed. Then the competition would be between those 2 enterprises. That is, now the competition would be between big capitals instead of small capitals. Each one will try to sell more commodities and earn more profits.

If we imagine that all capitals in a given branch are formed into a single monopoly enterprise, even then that branch will not be free from competition. Then that branch will face competition from other branches. It is because, if there were only one monopoly enterprise in a given branch, it would definitely earn more profits. Capitals of other branches do not keep quiet simply to watch the profits of that branch. They start leaving their old branches and change to such a branch that can give more profits. Thus, competition will reappear even in that branch in which there is only one monopoly enterprise.

Let us imagine that capitals of all branches came under the control of a single organisation. (Let us imagine that the entire capital has come under the state while capitalism remains as ever). Even then, competition will not vanish. Then, the competition will be between this country and other countries. That is, between the commodities of those respective countries.

Whether all capitals get united as one single capital, whether such combination takes place at a small scale or large scale, it is capitalism that functions for the sake of profit. Therefore, that profit-orientation points to contradictions in every unity. In every unity, the phenomenon of competition manifests in the form of conflicts among the different sections that have to share the profit.

As the accumulation and centralisation of capital takes place in the society, that is, as the capital functioning in the society expands, the level of competition among capitals too increases.

Just as every aspect of capitalism is a combination of good and bad and contradictory in nature, capital accumulation and centralisation too will have negative effects on the one hand and position effects on the other hand. They give scope to undertake a large production activity necessary for the society. 'Centralisation' accomplishes such things more quickly than 'accumulation'.

Had there not been centralisation of capital in the society, society would not have accomplished so rapidly such large-scale activities as the construction of railway line. (The construction of railway lines in England would not have taken place, if there were no centralisation of capital by that time). It only means that unimaginable growth of productive forces resulted from the centralisation of capital. Constantly occurring capital accumulation and centralisation lead to new changes in the technical composition of capitals. These changes in the productive forces also lead to production beyond the capacity of the market, crises whereby commodities remain unsold and to a situation whereby a large part of the working class is threatened with extinction.

All these aspects do not appear as problems to the capitalist economists. They do not recognise 'expansion of capital' as an important issue. They do not realise the fact that capitalist reproduction process invariably exists as 'expanded reproduction process' and the capitalist mode of production has the tendency to expand capital continuously.

Workers participate in production activity simply for their livelihood. It is the case with capitalism. They are not satisfied with the amount of money required to satisfy minimum needs. They want more money than to satisfy the minimum needs. They want excessive profits. They want to convert those profits into new capitals. They want to earn more profits from the increased capitals. There should be no end to this. They want to earn money always. But capitalist economists are not concerned with all this. They treat the activities of the capitalists as those of workers. As if capitalists too run their enterprises only 'to eke out a living'.

Thus economists depict capitalism as a mode of production that is carried out simply for 'needs'.

These economists equate the modern capitalist, who organises production by means of large machinery, with the Guild-master of hundreds of years earlier who used to work in his guild equally with workers and support his family with the lowest level of profit. As if the objective of the modern capitalist is also 'family maintenance' just as that of Guild-capitalist. These economists, initially, try not to recognise at all the problem of 'expansion of capital'. If it is not possible, then they change their trend. They say, 'It is true that capital increases occasionally. But there won't be problems to the society'. All kinds of trends and all sorts of arguments will be ready.

'Capitalist spends very economically on the family expenses out of his hard-earned profit. He gives up many comforts with self-restraint. He occasionally adds whatever he accumulated to the capital and expands capital a little.' This is how economists highly glorify the 'self-restraint' of the capitalist.

An economist called 'Senior' says thus, "I would use the term 'self-restraint' instead of the term 'capital'. That is in the sense that the capitalist converts into capital all that he saved with 'self-restraint' and without enjoying.

Capitalist observes much 'self-restraint' only for expanding capital! For whom is that 'self-restraint'? Will the fellow give away to the workers the whole thing that he saved by 'self-restraint'. If he expands his capital by reducing expenditure, that increased capital fetches him increased profits. All those profits go again into his pockets only! It amounts to self-enjoyment by the capitalist whether he eats away the profits whenever he gets them or he expands his capital. Either way it belongs to him. He won't stop swallowing his profits when he gets them in huge amounts. If the objective of the capitalist is always not swallowing but sacrificing, then workers should very soon emancipate the capitalist from such 'painful sacrifices'.

Coming to the actual question: whether the capitalist expands his capital either with sacrifices or with self-restraint or in any other manner, it is nothing but expansion. At least in this sense, the economists should be concerned with the problem of 'expansion of capital'. They should discuss it as a problem concerning Economics. But like all the problems, they are not concerned with this problem too as it deserves. If they admit

that capital always keeps expanding and it is its tendency, then they have to accept the fact that there are many problems due to that tendency. Finally, they have to admit the fact that 'capitalism is like an anthill of problems'. Such admissions do not suit them, do they? Hence they talk like this: "Capitalism functions with a sole objective of satisfying societal needs. It does not have any objective other than satisfying wants. As the population in the society always keeps increasing, capital keeps expanding only to facilitate production adequate for the increasing population. And there is nothing unusual in it". In this manner, they try to brush-aside that problem. Hence we have to correctly understand the specific nature of expansion of capital. It is not something that expands only to the extent of 'needs'. We (the workers) should not mistake its nature as capitalist economists say. Understanding this issue of Expansion is crucial in understanding capitalism.

4. In the 'expansion of capital' constant increases and variable decreases

The essential components of capital are means of production and living labour (workers). If we take a specific product (either cloth or sugar) the proportions between the given number of workers needed for the given number of means of production constitute the technical composition. The proportions between the amount of constant portion and the amount of variable portion constitute 'value composition'. The technical composition and the value components depend on the productivity available in the production place.

Increase in capital leads to the increase of productive forces. The increase of productivity changes the technical composition of the capital. That change increases 'constant' portion and decreases 'variable' portion. Due to this, the growth of employment opportunities keeps diminishing compared to the past.

We have discussed some aspects of this problem in the chapter 'Large-scale Industry'. We will see some more aspects here.

When we speak of 'a capital', we may consider it either as an individual capital or the total capital in a given branch or the total capital in the society. The features of 'capital', whether it is an 'individual capital' or 'social capital', are the same. While examining the features of capital,

details such as 'what articles this capital is producing' are irrelevant. Whatever be the articles the capital may produce all these features of the capitals are the same.

Now we will see three examples one after the other.

A capital is 600. The proportions of its constant and variable portions are 1:1. That is, constant is 300 and variable is 300. Suppose 100 workers are working with this 300 variable (wages). Which means, 100 workers are needed here to work with the means of production of 300 value. Each worker is working on means of production of '3 value'. The value of labour power (wage) of each worker.

Suppose, surplus value kept adding to this capital of 600 and the capital became 1800 after some time. That is the capital tripled. But, let us suppose that its productivity has not changed. When productivity does not change, its technical composition also does not change. Constant and variable portions remain at 1:1 only. That is out of 1800 capital, 900 will be on constant portion and 900 will be on variable portion. The constant and variable portions increase as many times as the capital increases. If 100 workers work when constant is 300, 300 workers work when variable is 900. That is, 200 new jobs will have been formed by now. If the capital doubles jobs also double. All this happens only when capital increases while productivity does not at all change. This kind of increase is concerned purely with 'quantity'. If each aspect concerning capital increases only in quantity, it is 'quantitative' increase.

But growth of capital does not always exist purely as a growth in quantity. It gradually leads to changes in the 'quality'. Here, it means, changes in the 'technical composition'. Change in the technical composition itself is a change in the 'quality'. As capital keeps increasing, it would definitely keep raising productivity. When productivity rises from one level to a higher level, there may occur various changes in **c+v**. Labour may take place with the same amount of **v** as in the past on more amount of **c** than in the past. Or, labour may take place with a little more amount of **v** than in the past on a much more amount of **c** than in the past. Thus, owing to the growth in the productivity, the proportions of **c** and **v** will form in a new way.

It does not mean that productivity also definitely rises as many times as the capital grows. The growth in the productive forces depends upon

the new knowledge acquired with regard to nature and labour.

Capital in the past is 600. Constant and variable are 1:1. That is 300:300. Number of workers is 100. Wage for each one of them is 3. Each one will work on a constant of '3 value'.

When productivity rises, example will be different.

After some years, capital is 1800. Constant and variable are 2:1. That is, 1200:600. Workers are 150. Wage for each one of them is 4. What is the constant portion on which each worker now works? On 1200÷150='8c'. Which means, only one worker now carries out the same amount of work as carried out earlier by 3 workers.

Suppose the capital tripled after a few years and became 5400. Its new proportions are '5:1'. Constant is 4,500: variable is 900. Now workers are 180. Wage for each worker is 5. Now, each worker works on 5,400c÷180=25. Which means, compared with the first example, this is as much work as 8 people did in the past.

Thus as the capital keeps expanding, its productivity also keeps rising. Hence, the situation keeps changing in such a way that the worker works on more number of means of production than in the past.

In these examples, just as 'constant' has been on an increase than in the past, the variable too has been on an increase. In the first example, while the 1st person's wage is '3', the wage in the next example is '4'. Next wage is '5'. In this manner, 'wage' too has been on the increase. But while the increase in constant is very high, the increase in the variable is very low.

Productivity does not rise (in any branch) every year and in every reproduction process. It takes a few years for the productivity to rise from one level to another by way of minor modifications in the old productivity. It means the rise in productivity and hence changes in the technical composition of capital take place once in a few years. In the meantime, capital functions in the old proportions. Even those proportions too will not be the same with all the capitalists. The proportions will be somewhat different from one to the other.

The capitalist who has more productivity under his possession will get his commodities produced at a lower cost than the other capitalists.

'Rise in productivity' does not mean that it rises only in some branches and the old productivity in other branches remains unchanged. Capitals do not leave out any branch. New capitals enter into those branches where productivity has not changed and bring about a change in them.

Therefore, the general rule is that 'productivity in all the branches rises at a uniform level'. In fact, there will inevitably be differences in the growth of productive powers of different branches. Regarding the inevitable difference that exists between the industrial and agricultural productivity, we will see in the chapter on 'Land Rent' in the last volume. If we leave out this specific point, generally productive forces of all branches grow more or less uniformly.

All the individual and separate capitals together constitute 'social capital'. Growth in the productive power of individual capitals implies growth in the 'average productive power' of the 'social capital'.

Suppose it takes 10 years for a 'social productive power' to become another 'social productive power'. During this 10-year period, surplus value is added every year to the capital and the capital keeps increasing. After 10 years (because we have taken such a time frame as our example), there definitely a qualitative occurs change. This new quality (new proportion between **c+v** will remain for some period of time. Again, surplus value is added every year to the capital and the capital keeps growing. Again after some years, the composition of capital changes. As time passes, the time that takes for the composition of capital to change keeps decreasing than in the past.

As the 'social capital' increases, increase in the 'constant' component will be many times more than the growth in the 'variable' component. It means that the portion of the 'mass of surplus products' that converts into 'means of production' will be many times more than the portion that converts into the means of subsistence of the workers.

Suppose the proportion between constant and variable components of the total social capital in a given country at a given period of time are '1:1'. As the expansion of capital in that country becomes more, the composition of capital gradually changes like this—2:1, 3:1, 4:1, 5:1, 6:1, 7:1, 8:1 and so on. It means that productive powers grow on such a scale that the amount of living labour that used to be required for a

production will become half, one-third, one-fourth, one-fifth or one-tenth. Due to this growth, the work which the worker does would be many times more than in the past. Therefore employment opportunities keep diminishing however much the capital expands.

That is, growth of employment will not be at the same level as that of the expansion of capital

Since the creation of new jobs in the society depends upon the 'variable' component alone, job opportunities keep diminishing as the variable component diminishes. Sometimes, new jobs may not be created even when variable component increases.

A variable component is 300. 100 workers will be in jobs, at the rate of 3 as the value of labour power per worker. Variable component became 400. Value of labour power became 4. Even now there are only 100 persons in jobs. Even the increased variable component is equal to the old jobs. Though variable has increased by 100, no new jobs are created. If we assume the value of labour power as 5 when variable is 400, then there won't be even 100 jobs. Then, only 80 workers will be in jobs. Though variable component rose, it was not possible here to retain old jobs. From this it is evident that increase in the variable component is not an indication of growth in employment. Even when variable increased, new jobs may not be there if the value of the labour power also rose. The old jobs may not also be retained.

Capital has expanded. More labour power than in the past is required. Yet, the capitalist can get more labour without employing new workers through the old workers by such means as 'over-time'. 'Requirement' of the labour tells us the total quantity of labour necessary but it does not tell us the number of workers from whom the capitalist has to get that labour. The number of workers from whom the capitalist takes that required labour depends on the willingness of the workers to work for longer hours.

5. Reproduction of 'production relations'

What happens in the 'reproduction process' is not simply 'reproduction of objects' but also the reproduction of 'relations' that form in that 'production process'. That is, reproduction of conditions necessary to keep the capitalist as capitalist, and workers as workers.

The condition whereby labour power exists always as commodity; the conditions whereby workers are alienated from the 'means of production', the condition whereby matters concerning production are decided by the capitalist alone—all these conditions are reproduced as they are in every 'reproduction process'.

1) The conditions whereby 'Labour Power' always exists as 'commodity'

We have already seen that workers get merely the value of labour power, however much the production rises. Workers should always exist as people who have to constantly search for a 'livelihood'. This is an indispensable condition for the reproduction of capital. This condition applies not only to the daily wage-workers but also to those workers who get their wages monthly. 1-day wage is not enough for either 2 days or 3 days. Likewise, 1 month's wage is not enough for either 2 months or 3 months. Wage of the day is enough only for that month. This means, every wage labourer has to look daily for his livelihood. Just as it is impossible for human beings to overcome the law of nature, so also it is impossible for the labourers to overcome the capitalist rule that they have to look every day for work.

Capital constantly drags the workers into work for its reproduction. Capital constantly keeps workers as paupers so that they come to work any and every time. The wages of the workers revolve workers always in poverty.

> "In a thoroughly brutal way...the Church of England parson, Towsend, glorified misery as a necessary condition of wealth..."hunger is...the most natural motive to industry and labour,...It seems to be a law of Nature that the poor should be to certain degree improvident that there may always be some to fulfil the most servile, the most sordid, and the most ignoble offices in the community. The stock of human happiness is thereby much increased, whilst the more delicate are not only relieved from drudgery...but are left at liberty without interruption to pursue those callings which are suited to their various dispositions". (Capital, vol.1, p.605, Moscow 1974).

In the view of this parson, 'human beings' means the 'rich people'. Only the rich people are 'delicate'. They do not do the most 'servile' and

'ignoble' duties. In fact they don't do any duties of any level. Their happiness is the happiness of human beings!! The exploitative society carved these 'good sayings' in 'golden letters'.

Workers should always remain wage labourers who sell their Labour Power for the sake of reproduction of capital. According to the division of labour, wage labourers who perform mental labour should always remain in that labour while those who perform manual labour should remain in that labour without any change throughout the life.

2) The condition in which workers are alienated from the means of production

A worker who has barely enough for his maintenance can never provide means of production for himself. This is possible only to some workers and only in some special circumstances. Then they cease to be workers. An engineer who works for a capitalist may become a capitalist after some period of time. A doctor, who works for a capitalist, may himself become a capitalist after some time. When a worker thus becomes a capitalist, it means that one worker is deducted from the working class of the day.

If a small-scale capitalist incurs heavy losses in his 'business', pay all his properties in return to the debts and becomes a manager or a supervisor from the position of a capitalist, then it means that one capitalist is deducted from the capitalist class.

Even if some of the workers become capitalists, all the members of the working class do not become capitalists. Likewise, if some of the capitalists become workers, all the members of the capitalist class do not become workers. Whatever be the direction of the changes, the two classes and their class situations will always remain as ever irrespective of those changes. If a worker becomes a capitalist, he becomes the owner of the means of production. If a capitalist himself becomes a worker, he becomes alienated to the means of production.

3) The condition in which the capitalist himself decides matters of 'production'

Worker will not have any role in the decisions concerning the immediate process of production. Similarly, workers will not have any

role in the decisions concerning reproduction process either. All the rights over capital and surplus value are vested in the capitalists and not in the workers. It is only the capitalist who makes decisions concerning either the 'immediate process of production' or the 'reproduction process'. 'Should the old capital or the newly added capital be retained in the same (earlier) branch or be shifted to another branch? What commodity should be produced? Where, for what purpose and in what manner it should be produced? At what rate (and in what manner) it should be sold?'¾-all these kinds of matters are decided by every capitalist from the perspective of his interests, that is 'profit perspective' only. Workers who produce that commodity have nothing to do with those decisions.

Workers are merely those who work for the capitalist. The only relation that workers have with production process is to do whatever work that the capitalist assigns to them and do it in whatever manner the capitalist wants them to do. They do not have any right to interfere, to discuss or to decide. The same thing happens with every capitalist. The same thing happens at every 'work place' and in the case of every 'product'. Same thing happens in the case of all the capitalists. Same thing happens throughout the society. What does this mean when we see the society as a whole? It is the capitalist class alone that decides all such things as: what sort of products should be there in the society? What is the system that the society should follow and so on. The working class does not have any right to decide on these matters!

The 'whole society' consists of population belonging to the two classes. 'Decision making by the capitalist class concerning the whole society' means that while deciding its way of life for itself, the capitalist class is deciding the way of life of the working class as well! But the working class does not decide its own way of life. It is not in an independent position to decide its own way of life. It means that the decision-maker of the life of the working class is not the working class but the capitalist class. The decision-maker of the life of the entire society is the capitalist class.

Workers think that they are going to the market with the money of their wages and buying commodities of their choice. But it is the capitalist class alone that brings those commodities to the market. It gets those commodities produced with a profit motive. It introduces every commodity that can earn money. The working class should use only such

commodities as are available and in whatever form they are available in the market. The commodities that the capitalist class decides for the workers are produced in a very ugly, adulterated, unhealthy, extravagant and filthy form. The workers can exhibit their independence only in choosing some filth or the other from the available filth.

Same is the case with those who perform higher mental labours as well. They too have to use only those foodstuffs which the capitalists produce. They have to wear only those garments, which the capitalists produce. They have to read only those newspapers and magazines that the capitalists publish. They have to watch only those kinds of films that the capitalists make. Thus the capitalists decide as to what sort of products the workers should use in their daily life.

Even before that, it is the capitalists alone who decide as to what kinds of jobs the workers should do? Workers have to make only those commodities which the capitalist asks of them. They have to weave clothes, make knives, or bombs if they are asked to do so.

Workers cannot argue that 'we should not have such garments' or 'we should not make knives and bombs' and so on. The workers cannot decide thus: 'why there should be wars and bombs in the society? We can live happily by raising crops, making garments shoes and books. The production of these bombs is utterly useless'. The duty of the workers is to do whatever the masters ask them to do. Not to think of the good or bad aspects of what they are asked to do.

If a couple of workers do not like to work in the making of bombs they can leave that job. But these couple of workers cannot do away with making of bombs in the society. As soon as that couple of workers leave that job, a thousand workers join that job. Such is the 'unemployment' situation that capitalism creates. It means, however repulsive and however horrible the jobs that the capitalists ask the workers to do, there won't be any problem of non-availability or unwillingness of workers to do such jobs.

Just as they decide that workers should make garments and bombs, so also the capitalists decide that the workers should always fight and die in wars. This is what we mean by the 'way of life' that the capitalists create for the productive and unproductive workers!" In this manner, the condition in which workers always remain as wage-labourers, the

condition in which they are alienated from the means of production and the condition in which they don't have any role in the construction of the society. All these conditions are reproduced as they are in every reproduction process. It means that the capitalist remains as capitalist and workers remain workers forever. While the workers live on 'wages', capitalist swallows interest, profits and land rents. While the workers not only the necessary labour but also surplus labour, capitalists live with comfort and luxuries without doing any labour themselves. No reproduction process changes these conditions. Hence what happens in the 'process of reproduction' is not only reproduction of objects but of class relations as well.

If a production process has the capitalist character, the reproduction process too will have the capitalist character.

> "It (capitalist mode of production) produces not merely the material products, but reproduces continually the production relations in which the former are produced, and thereby also the corresponding distribution relations."-Marx (Capital, vol.3, p.879, Moscow 1971).

> "The conditions of production are also those of reproduction...If production be capitalistic in form, so, too, will be reproduction. Just as in the former the labour-process figures but as a means towards the self-expansion of capital i.e., as self-expanding value value advanced." Marx (Capital, vol.1, p.531, Moscow 1974).

6. Expansion of capital and 'surplus' population

Employment opportunities increase due to the expansion of capital. But, employment opportunities diminish due to rise in the productivity. Expansion of capital and the rise in productivity always co-exist. Hence increase and decrease of employment opportunities co-exist. This means, the growth of employment opportunities will be at a diminishing level.

In the society as a whole, if 5 people lose jobs and 5 people get jobs, it means that the employment situation in the society has not at all changed. (When a worker becomes old and retires from his job and if another worker joins that job, it does not mean that new jobs are created; it amounts to an unchanged situation). If 4 people lose jobs and 7 people get jobs, it amounts to creation of 3 new jobs. If 8 people lose their jobs

and 5 people get jobs, it amounts to creation of three new unemployed persons. Thus under capitalism different conditions operate in their own way: on the one hand, conditions that create new jobs and on the other hand, conditions that create new unemployment.

Capitalist Mode of Production (CMP) is a mode of production of individual owners of 'private properties'. None of these individual owners will have the responsibility of providing the entire working class population with jobs. The number of jobs that a capitalist gives depends on the amount of work to be done for him. When he gets a large machine, he removes those workers whom he does not need. That capitalist need not think of such matters as whether the workers whom he is sending out would again get the jobs or not and how they would live. It is because, it is not the responsibility of that capitalist to provide employment to all. It is not even the responsibility of any other capitalist. It is not the responsibility of even the capitalist state. What does this mean? It means that the entire society itself is not responsible to provide jobs to the entire working population!

As the workers do not possess means of production, they won't be a situation whereby they live as independent producers. Nor would there be a situation whereby they can remain in their jobs under some employers. Then how should the entire working population live? Some will have full-employment, some will have half-employment, some will have quarter-employment; some are unemployed, some live as thieves, some live as beggars! This is how they have to live.

If we see an individual capitalist, his requirement for workers suddenly rises when he gets orders suddenly. When there are no orders, his requirement diminishes suddenly. On the whole, the same situation exists in the society. A mode of production that lacks an order and a collective plan either in the production process or circulation process will not have a definite plan as to when and to what extent the capital expands and as to how many employees would be needed for the expanding capital. For those capitals that expand in an haphazard manner, 'surplus' workers should always be readily available so that they can come forward to work whenever more number of workers are suddenly needed and go back whenever not necessary. The needs of capitals expand suddenly and contract suddenly. They need working population in accordance with their contraction and expansion.

If we deduct productive and unproductive workers from the entire working class, the remaining is the 'surplus' population. The unemployed population itself is 'surplus' population.

Workers who are still capable of working but are retired the capitalist system; workers who could not adapt to various kinds of work needed for large-scale industry; workers who lost their limbs in accidents; workers who, having worked in such places as mines and chemical industries, got diseases; destitute women who do not have husbands or children to support them or who do not get work to do; parents-less orphan children¾all population such as this constitutes 'surplus population'. Not only fully unemployed but also part-time employees and part-time independent producers too come under the surplus population.

What is the meaning of the word, 'surplus' here? 'Surplus' to the number of employment opportunities which this society is able to provide. 'Surplus' population is that population which is more than the total working population that is required for both the old and new capitals while expansion of capital takes place.

Every capitalist appoints some workers on 'permanent' basis and some workers on 'temporary' basis. The purpose of this system is not simply to avoid certain expenses, which the capitalist may have to incur if he makes the temporary workers as permanent. As there won't be regularity in the sale of the commodities of the capitalist, he would stop engaging temporary workers and carry on the work with permanent workers. If he 'fortunately' gets big orders, he would open the factory gates and call inside the unemployed workers, who are readily available there. As soon as orders stop coming, he sends them out and closes the gates. Just as raw materials are kept in the stores for ready use, capitalism always keeps the unemployed population in reserve in the society. The presence of surplus working population is indispensable in order to respond suitably to the attraction and repulsion of expansion of capital. It (the surplus population) is the primary condition for the expansion of capital and its wealth. It means that some part of the working class should necessarily remain as 'unemployed people' for the existence of capitalism. Employed people should live in poverty and unemployed people should live in pauperism.

The term 'unemployment' applies only to the working class, but

not the capitalist class. The question of performance of labour by the capitalist class does not arise. It lives on interest, profits and rents by means of exploitation of labour of others and without doing any labour. Therefore the question 'whether it is employed and unemployed' does not arise. The whole portion of unemployment is connected with the working class.

Moreover, unemployment in capitalist society is connected with the working class. Because, problem of unemployment is the specific creation of capitalism. This problem is not found in the earlier societies. (It won't be there in the new society).

If we take the past slave society, no slave would be in an unemployed position. The slave will never face the problem of unemployment in his lifetime. The slave would always get an opportunity to do labour and some quantity of food in return.

Similarly, unemployment situation never arises in the case of feudal peasant either. He will always have on opportunity to do labour and eat some quantity of food.

The problem of unemployment surrounds the wage labourers only.

There is no guarantee of doing labour (employment) for the worker. Even the worker who is in work may lose that opportunity to work at any moment. The job security of the ordinary worker becomes uncertain and is always in doldrums. The unemployed workers stand in front of the gates of capitalists and ask for 'alms of labour' like beggars. The workers, who do not know, 'who is giving alms to whom', wait in the wings for the kindness and compassion of capitalists throughout the life.

The problem of unemployment does not apply to 'new society'. In a society where every person has compulsorily to do labour and live on his or her own labour, there is no scope for a life without doing labour.

This problem is specific to capitalist society only. This is its ugly creation!

The very mode of production that creates unemployed population treats that population contemptuously. It needs such population only to 'some extent' but not to 'a large extent'. It is true that workers inside the gates would work 'cheaply' if there were an unemployed population outside the gates. But there is a limit to that cheapness also. If the capitalist

requires a tailor, a mechanic, a driver, a teacher or some kind of workers, the wages of that worker should necessarily be equal to the value of labour power. It is enough if there are minimum number of unemployed people outside, so as to keep the wages always at the minimum level and so that they come inside and work whenever required. It is a big 'headache' to the capitalist class to have 'excessive' unemployed population beyond that limit. That is why it looks contemptuously at the children of workers and the workers who give birth to those children: 'why should so many poor people be born on this earth?" How nice it would be for the capitalist class if human beings, instead of giving birth to children, give birth to 'rupees'. Let there be any number of rupees, rupees will never be excessive! Only human beings become excessive!

The capitalist class, which is not concerned with the sort of relation between its economic principles and unemployment, fearlessly declares thus: 'the entire unemployment is only due to population growth. 'Just because the population is increasing, we have this famine, this unemployment, this poverty and every sad thing'. All would get jobs if population decreases. Then all people will be flush with riches'.

If some one asks, "Even the employed people are in poverty, why?"

"..." it does not answer.

"The whole famine always catches the working class families only; why does it not catch the capitalists though they too have many children?"

"..." No answer to this question either. It does not answer any question. It keeps declaring the answerless, discussion-less, unopposed 'self-evident truths'.

Capitalist economists offer 'laziness' too as a reason for the problem of unemployment. On the one hand they say: 'Unemployment arises due to laziness. There is no dearth of food for a hard working person any time". On the other hand they recite: "Population growth itself is the cause for unemployment"

The unemployed workers, who are ready to work and wander seeking 'work', will easily understand the falsity of the declaration "unemployment is due to laziness". But it is not that easy for them to understand the falsity of the formulation 'unemployment exists due to population growth'. The workers too think: "how can all people get jobs

if people are growing in number limitlessly. How can even the government provide jobs to all the people?" The workers believe that there is a necessary relationship between 'the unemployment problem' and population growth!

'Population growth' is something connected with Nature. Providing 'jobs' to that population is something to do with the social arrangements. Capitalism tries to mould the natural phenomena according to social phenomena instead of molding social phenomena according to the natural phenomena. Instead of saying that food should be made available to the satisfaction of the human belly, it says that the human should adjust to the available food. Without giving bellyful of food to the workers, it blames the workers thus: 'your belly has become big. Belly should not be so big". It is not concerned with 'what should follow what'!

Due to its inability to provide jobs to the whole population of the society, capitalism expresses its anger at the population growth (especially the growth of the working class population).

Increase or decrease of working class population is possible in a specific sense when we examine individual branches of production. When a capitalist is in search of workers, who do a specific kind of work, he may get such workers in either more number or inadequate number. Thus when we examine a specific labour, it is possible to say that labourers who do that labour are in excess or in shortage. But when we examine society as a whole, it is not possible to say that 'population is in excess'. Let there be any number of people in the society, society should make arrangements so as to enable them to live.

It can make such arrangements. Nature gives all the substances. Human beings perform labours. Nature-given substances and human labours together can produce as much as is enough to live comfortably.

'Population growth' is not a phenomenon that is independent of the past. The present-day population size depends on the past population size.

Every human being, in Nature, is born not only with a 'mouth' but also with 'hands' and 'legs'. Those hands and legs can produce all that is necessary for that mouth. But the strange aspect of capitalistic nature is that the capitalist is born with 'mouth' only without hands and legs. Nature

gives him only mouth but not hands and legs. That is why that fellow lives throughout the life on the labour of workers without himself doing any work. When human beings with hands and legs perform labour for themselves, the question as to 'whether there is more population or less population' becomes meaningless.

This does not at all mean that human beings should literally follow the natural law, give birth to any number and live without violating the laws of nature. If women follow the laws of Nature, they have to give birth to children every year. If there are no health-related hurdles, a woman can keep giving birth to children until she reaches 45 years of age. However much the society may be helpful to her, if she literally follows the law of Nature, woman will have no other social and artistic life except child bearing and rearing. Hence, for the sake of the health and development of women in other aspects, it is imperative to reduce childbirth.

But this is not the view of capitalism, when it says that 'population has increased'. It does not say these words keeping in view the 'life of women'. As it cannot provide jobs to all the working class population, it says, 'population is increasing'. That part of population which is not needed for its employment requirements, in its view, is 'surplus' population! 'Over' population!

The working class population, while expanding capital and its productivity, becomes itself surplus to the requirements of capital! This is the law of population specific to the capitalist mode of production. Every mode of production will have its law of population. Excepting to plants and animals, there won't be any abstract law of population concerning human beings that applies uniformly to all modes of production irrespective of specificity of a given mode of production. Even the law of population concerning plants and animals are abstract only to the extent human beings do not interfere with them. When those laws are in interaction with human beings, they too do not remain 'abstract'. Every mode of production, with its knowledge and character, interferes with plants and animals. Hence plants and animals too will have law of population that possesses a specific nature concerning the specific mode of production.

The most beloved economist of the capitalist class with regard to

laws of population is Malthus. This gentleman on the one hand admits the fact that 'modern industry' requires unemployed population. But on the other hand he does not at all concern himself with the fact that unemployed population has arisen only due to modern capitalism. He expends all his 'ability' and 'cleverness' on the formulation: 'population goes on becoming surplus'.

The population theory of Malthus is briefly as follows. The productivity in the society increases very slowly in an arithmetic order: 1, 2, 3, 4, 5, 6 and so on. But the population increases very rapidly in big leaps in a geometrical fashion 1, 2, 4, 8, 16, 32 and so on. Due to this difference between the rise in the productivity and population growth, the 'number' of human beings becomes more and more than the 'food' for humans available in nature. Therefore, it is justified in Nature that human beings, who are surplus to the available food, ought to die of hunger. The same thing happens in Nature. This is how this theory proceeds.

This gentleman does not say as to 'why the surplus population that dies of hunger in accordance with the Nature-determined justice is found only in the working class and not in the capitalist class. According to this gentleman it is the only working class population that always becomes 'surplus'! But the capitalist class population is exactly as per the requirement only! Their number may be inadequate some times. This means, society does not have any problem with those who do not do any labour; the whole problem is only with those who do labour.

Those who talk about 'population growth' outwardly appear as if they are talking about the population as a whole in the society. But by the word 'population' they really mean only the 'working class population'. The question of 'population growth' does not arise in the case of capitalist class or 'employed population'. It arises only in the case of 'unemployed population'. The entire 'unemployed population' belongs only to the working class. This means, the meaning of the statement 'population is on the increase in the society' is 'population of the poor is on the increase'.

Malthus does not provide rational evidence for his numerical formulation that productivity increases 'slowly' and population increases 'rapidly'. These formulations were simply born of the brain of this intellectual and they do not have any real basis.

In fact, if we examine the facts, it will be proved that productivity rises more rapidly than population increase. Means of production, labour and science combine together and thereby productive powers will keep growing at an unimaginable level. Science has no limits. As human beings grasp the aspects of science, any level of productive forces are possible by means of science. It will be possible to travel at the speed of thousands of miles per hour by means of science. It will be possible to go on digging the mountains and oceans. It will be possible to grow crops several times by producing various 'pesticides' and 'fertilizers' that do not harm either the soil or producers. Thus any amount of productivity is possible.

But human beings cannot utilise each possible productive power. It may be possible to make aeroplanes that can travel at the speed of 10 thousand miles per hour, but it is not possible to use them in daily life. It is human beings who have to come out of the plane but not their dead bodies. Same is the case with any productive power. Human beings are obliged to follow certain 'natural rules' in raising as well as utilising certain productive forces. Human beings can utilise productive forces only to the extent that the productive powers do not harm the physical and mental health. It means that the situation changes in such a way that it becomes impossible even to use the available productive powers. Then theories such as 'productive powers increase slowly and population increases rapidly' will be proved to be meaningless.

Once capitalism began in the world, whatever be the state of productive powers and even if they do not grow any more, the world could live happily with the existing productive powers and plenty of products. The problem is not that productive powers have not grown and that there are products that are just not enough for all the people. The entire problem lies in 'exploitation'. It lies in the fact that a class is not doing any labour. The change that has to take place is a change in the 'exploitative relations' and not a further and further increase in the productive powers. What happens if productive powers rise further and further while exploitation continues as before? Only the mass of products, which the exploiting class gets, will increase further. There won't be any use for the working class. Even if productive powers rise a thousand times or one lac times without a change in the 'exploitative relations of production', the problem of 'surplus' population will not be solved at all and moreover it intensifies further and further.

When exploitative relations change and society is organised on a 'collective plan,' the problem of population will disappear. Hence, in order not to have the problem of 'surplus population' (unemployed population), the question as to 'what is the level of productive power' is not important. The question as to 'how production relations are' is important. All this is contrary to the understanding of capitalist economists.

According to Malthus's theory, during the period of employment workers should work like beasts and observe celibacy and should not give birth to children. When they do not have employment, they have to become surplus population and die of hunger as per the 'law of nature'. This gentleman opposed such things as a generous attitude toward the poor and charities for the poor. This gentleman did not like even this kind of existence of the poor population.

The capitalist class eulogises Malthus's theory even today with musical bands. But this class is not reciting Malthus's formulation of numbers as loudly as it did earlier. But it still recites the essence of Malthus's theory thus: 'population is increasing. Hence production is not enough. That is why, poverty and famine continue to exist.'

Any one who treats 'population increase' as the 'main' problem in the society should declare the same idea and immediately commit suicide, writing: 'I am committing this act so that whatever I eat will be saved." But none of the theorists of over population committed suicides in order to save the society from the epidemic of over-population.

Since only those fellows who do not do any labour speak of this theory, even if one such fellow dies, all that he eats will really be a saving to the world. However much the theory may be useless, if any fellow adheres to it we can respect that person's thinking: "Pity that this fellow talked about the theory with real conviction'. But the very fact that none of the fellows, who raise hue and cry about over population, have committed suicide indicates as to how far they believe their theory.

Since they have 'poor population' in their mind whenever they talk of 'population growth', they expect that the poor population itself should commit suicide. Whenever the exploiters see the poor population they are lost in a deep philosophical reflection: 'Why these paupers? What profit does the world get due to the existence of these paupers? Next moment, if they get urgent orders, the same paupers should reappear

suddenly and disappear after the 'work' is over! That's what really happens. The worker lives on his own 'wage' when employed and lives on the wage of his family members who have jobs. There is nothing that the capitalist class loses for the unemployed workers. For it, unemployed working class population is a non-entity.

Capitalist class pays wages to the population that works for it as if that population alone exists in the world. It ignores the unemployed population that exists in the world too. It ignores the unemployed population as if they are non-existent. It does think that human beings should be alive even when they do not have work.

Some capitalist countries at the government level throw some 'alms' to unemployed people in the name of 'unemployment relief'. Those alms are part of 'taxes' which the state receives. It means that it is part of 'surplus labour' of productive labourers. Unemployed people buy some means of subsistence with the alms, which they receive from the state. Where do those means of subsistence come from? The employed productive labourers produce them. It means that though all the unemployed persons are ready to do labour, they don't have an opportunity for it. They don't have an opportunity to produce their means of subsistence for themselves. Yet they are alive, eating 'alms'! This is something very humiliating to the labourers. The capitalist does not see any humiliation when he lives on the others' labour without himself doing any labour; but it is a horrible humiliation for a person who is ready to do labour.

The economists expect workers to adapt their numbers in accordance with the requirements of capital. Marcus, an English economist who is 'greater' than Malthus, while writing on 'restricting the population increase', suggested that there should be 'a state-run organisation to kill children of the poor without pain'. The heart of this kindest person was filled with love for the poor! Children of the poor be killed, but without pain! We should know the definition of 'pain' from this compassionate person. In the science of law of this economist, the rich have the right to kill the poor. But, if the children of the poor do not live and become adults, the entire gang of the idle rich will have to starve without people who give them food, won't it? Killing the poor, on the part of the rich, is like hanging themselves, isn't it? But, Marcus is the biggest stupid who does not have the minimum commonsense to grasp these things. This

fellow turned Malthus's theory (that 'nature itself will kill the poor by depriving them of food') into the greatest theory (that 'the rich themselves should kill the poor'). Thus, this arrogant-rich fellow carried to the climax the heinousness of Malthus's theory.

Capitalism not only facilitates one class to be fully away from the labour but also keeps away from labour a large section of a class, which is ready to do labour, due to its inability to provide jobs. This system creates a situation whereby the entire society depends on the labour of a few persons. If the entire non-labouring population comes into work, the working population will be relieved of a lot of burden. But there is no scope for this under capitalism. This system not only makes the non-labouring class as idler-criminals but it turns the class that is ready to do labour as 'helpless creatures who depend on the mercy of others, as criminals who commit crimes under compelling circumstances', as 'vagrants' and as 'rowdies' serving the capitalist class.

On one side the rich idlers who don't do any labour!

On other side the unemployed people who don't get an opportunity despite their dreaming to do labour!

On yet other side there are people who do labour for the sake of all and who are suffocated with excessive burden of labour!

This is capitalist society!

Sismondi's comment—that 'work and leisure have split—is not fully adequate to describe the conditions of capitalist society. 'Leisure' for the exploiting class! 'Work' for the employed-class! Neither work nor leisure for the unemployed class. This is a strange situation.

In this context, let us recall some observations of Marx and Engels:

> "If the reader reminds me of Malthus, whose 'Essay on Population' appeared in 1798, I remind him that this work in its first form is nothing more than a schoolboyish, superficial plagiary of De Foe, Sir James Stewart, Townsend, Franklin, Wallace, &c., and does not contain a single sentence thought out by himself."-Marx (Capital, vol.1, p.578)

> "What were all the wars and horrors of the monopoly system when compared with this theory?"-Engels (Outlines of Critique of Political

Economy, p.172 in 'Economic and Philosophic Manuscripts of 1844')

"But science increases at least as much as population. The latter increases in proportion to the size of the previous generation, science advances in proportion to the knowledge bequeathed to it by the previous generation, and thus under the most ordinary conditions also in a geometrical progression. And what is impossible to science?"-Engels (p.175 in the same book as above)

"The implications of this line of thought are that since it is just the poor who are the surplus, nothing should be done for them except to make their dying of starvation as easy as possible, and to convince them that it cannot be helped and that there is no other salvation for their whole class than keeping propagation down to the absolute minimum. Of, if this proves impossible, then it is after all better to establish a state institution for the painless killing of the children of the poor, such as 'Marcus' has suggested, whereby each working class family would be allowed to have two and a half children, any excess being painlessly killed"-Engels (p.172 in the same book as above)

7. Expansion of capital and the housing question

As the capital goes on increasing, large scale machinery also enters into agriculture and migration of rural labourers to towns becomes inevitable. With that, the 'housing question' arises in towns. (Towns and cities mean the same).

New roads have to be laid out in the cities as well as outside in order to meet the requirements of expanding 'capitals'. The existing roads have to be widened. These roads are laid down in order to transport commodities of the capitalists and to enable their luxurious vehicles run smoothly. The increasing transport routes for the sake of business of capitalists, traffic, increasing factories, increasing mansions for the residence of capitalists—all these things together push the working people in the towns toward unhealthy low lying areas and rocky regions lacking water facilities. The capitalist class occupies all the places with natural settings and amenities.

Excepting the section that performs 'higher mental labours', all the

remaining sections within the working class will be entangled in the horrible problem of housing in the cities.

As the housing requirements increase, construction of houses in urban areas begins with an exclusive view to let them on 'rent'. Thus a 'new commodity' called a 'rented house' enters into the world of commodities. Observance of principles of hygiene by rented houses of any level would become a rare thing. Spacious houses of olden days gradually disappear.

It becomes a 'luxury', on the part of employees doing lower mental labours, to expect a space of four to five feet beyond one or two congested rooms as residence.

It is needless to speak about the population performing manual labours. The residence of labourers belonging to these and little higher sections include small tin sheds and tiled verandahs about to collapse. The residences of labourers of an even lower level are literally 'huts'! They live with ragged beds in huts whose tops are at a narrow span to the ground. They live in congested huts surrounded by stinking puddles where the whole sewage water reaches. The last section of the population lives on the footpaths even without nominal huts.

Such a horrible housing problem faced by the working class too is a creation of only the capitalist society only. Labourers in the past societies did not have this kind of housing problem. Even the slaves and feudal peasants lived in the 'own houses' which they built on the land of their 'masters'. Though those residences too were not comfortable, they were somewhat spacious so that human beings could stand erect and could sleep stretching their legs fully. Workers under capitalism face the intolerable problem of lacking even such nominal residences. In this society, excepting for the sections of workers who perform mental labour, water facilities, lavatory facilities and drainage facilities are unimaginable.

The working class contracts diseases not only due to lack of food but also due to lack of cleanliness. If the working class tries to maintain cleanliness, it has to reduce its expenditure on its food further. Only if it reduces its expenditure on food, will it be able to spend it on another item. It means, if the worker wants to be a little 'cleaner', he has to be hungry. If there is a competition between 'hunger and 'un-cleanliness', human beings choose un-cleanliness only.

One can say merely for the sake of example that workers can maintain more cleanliness if they reduce the expenditure of food and spend the same on cleanliness. But, workers cannot increase cleanliness even by an atom even if they completely stop eating and live on air. There should be many things available both at home and outside for the maintenance of the human life. Another name for 'cleanliness' is 'water'. Cleanliness has many more names. One such name is a ventilated house consisting of 4 to 5 rooms. There should be vacant space with plants all around the house. In the backyard of the house, there should be a bathroom and lavatory. That house should have the facility of drinking water and drainage system. This is the minimally necessary condition of a house. If we look at the outside situation, filth and sewage should not be stagnant in the streets and public places. Flies and mosquitoes should not appear. Even if one fly appears, it is like 'a stroke of an axe' on cleanliness. Every means of transport such as buses and trains should glitter with cleanliness. Not that they should glitter with colours. They should glitter with cleanliness. All such arrangements as these should be accomplished by the society and they are not achievable separately by individuals. In order to live with cleanliness, human beings should achieve cleanliness inside and outside the house. When so much cleanliness has to be maintained throughout the society, how can the workers, who live in congested rooms and dirty huts, achieve cleanliness even if they stop eating food completely. How can they escape from their dirty lives?

The housing problem in the capitalist society keeps human beings, who labour, at the level of insects that swim in the filth. This situation exists all over the world irrespective of this country or that country. Workers in the cold countries may take shelter amidst little hard walls and wooden walls. That is indispensable in such climate. By that, it does not mean the workers there have comfortable residence. Even the entire family of a worker will have a single 'congested' room. Room above the room. House above the house. Some hundreds and thousands of families in every limited place. There, quarrels day and night! Screams of obscene abuses! Some times murders! Such conditions as peace, tranquility and leisure cannot go to those surroundings.

Simon, a government doctor in England, made the following observations, on the conditions of town dwellers, in one of the Public Health Reports of 1866.

> "In its higher degrees it [i.e., over-crowding] almost necessarily involves such negation of all delicacy, such unclean confusion of bodies and bodily functions, such exposure of animal and sexual nakedness, as is rather bestial than human. To be subject to these influences is a degradation which must become deeper and deeper for those on whom it continues to work. To children who are born under its curse, it must often be a very baptism into infamy. And beyond all measure hopeless is the wish that persons thus circumstanced should ever in other respects aspire to that atmosphere of civilisation which has its essence in physical and moral cleanliness." (Capital, vol.1, p.616)

The essence of these observations is that it is impossible to behave in a civilised manner for those human beings who do not have an opportunity to live in physical and mental cleanliness. If all those great men, whom the exploiting society eulogises as 'great souls' and 'greatly respected', grow right from their childhood in the poor slums, they would have to start uttering obscene words in their sweet voices since the age of two. The society of the rich contemptuously treats the slum-born population as 'uncivilised' and 'uncultured' fellows. The society of the rich which lives in idleness, while receiving uninterruptingly the productive and unproductive services both at home and outside rendered by those 'uncultured' fellows, arrogantly thinks that it has acquired a lot of civilisation.

As capital keeps expanding, the population of labourers will go on losing their place in 'Nature'. Wherever they try to establish their dwellings, the capitalist administrative machinery chases them from there under the pretext that it would affect 'public health' and 'beautification' of the city. 'Public health' means health of the capitalists. 'Beautification of the city' means beautification of capitalist dwellings. The capitalist administrative machinery that takes protection of the capitalists as its main responsibility does not allow the pauperised labourers to have a footing at any spot on the earth. It even awards punishment to those people for staying in the places where they don't have 'legal rights'.

Some part of the working class population leads a 'nomadic life' without settled dwellings. While searching for such jobs as lime-works, rail track repair, brick making, sewerage works, construction work and so on, they lead nomadic lives with temporary dwellings. During this

nomadic life, they carry along with them such contagious diseases as smallpox, cholera and typhoid.

Irrespective of nomadic way of life, contagious diseases develop and spread in any crowded locality where there is no scope for cleanliness. They don't leave even 'respectable' rich. Each one of the evils in the society, will also catch the rich too a little later if not immediately and indirectly if not directly. If there are mosquitoes, they also bite the rich. They get 'profit' if they bite the rich; but what 'profit' do the mosquitoes if they bite the poor who are physically weakest. All the pollution, which the factory of a capitalist sends out carelessly, will go into the body of the capitalist as well. The bombs that shower in the wars created by the capitalist will fall on his head as well. Thus, every evil that the capitalist creates will encircle him too. He has to drink the same water that he pollutes. He has to breathe the same air that he pollutes. He has to roam on the same earth that he ruins. He does not have any other world to escape to from these evils. He is compelled to live in the same dangerous world that he spoiled. But the fellow will not have the commonsense to grasp all this. He does not see the fact.

As the capital in society keeps expanding, like all its evils, this housing problem also will become further intolerable. The second grade towns, which were once tolerable, too gradually become uninhabitable. Every town will gradually reach the same situation as Samuel Laing, an English economist described: "**Every large town may be looked upon as a place of human sacrifice, a shrine where thousands pass yearly through the fire as offerings to the moloch of avarice.**" (Capital, vol.1, p.616)

All kinds of industries concentrate in towns only.

If a region on earth, under the name of 'village' emerges as a place that cannot provide livelihood and if another region, under the name of 'town', emerges as a place that provides some livelihood or the other, then it is inevitable that the large part of the population in society reaches towns. Since the exploiting class has necessarily to lead a 'luxurious' life, it lives all of it in towns only. Though it possesses lands and mansions throughout villages, more luxurious mansions will also be there throughout the towns. Hence this class does not leave 'cities' that give them 'civilised' life and enters the villages.

It means that it is indispensable for the majority of the population belonging to both the classes to live in towns only! That is, the housing problem will have to intensify further.

The solution for this problem is to make the town and country equal. It is possible to eliminate the contradiction between town and country only when we eliminate capitalism. Only thus will it be possible to solve the housing problem. (We have seen some aspects concerning the contradiction between town and country in the chapter 'Large-scale Industry').

Separation of agriculture and industry into 2 individual entities is not a natural requirement for both of them. Moreover their unified existence is a natural requirement for the development of both. We can combine agriculture and industry without disregarding the question: "Which land serves which purpose naturally?" This change (of combining) will distribute evenly the population in the society throughout the earth in a natural manner. Such a change will necessarily abolish the 'modern city'. It is totally a meaningless and repulsive imagination to think like capitalist thinkers, that, without effecting such a change, it is possible to solve the housing question by keeping modern city untouched and by concentrating all the industries there and by constructing multistoried buildings.

Immediately after seizing of political power by the working class, we may begin to solve the housing problem by confiscating all the luxurious mansions of the rich and converting them into the dwellings of the poor.

> "The housing question can be solved only when society has been sufficiently transformed for a start to be made towards abolishing the contrast between town and country, which has been brought to its extreme point by present-day capitalist society."—Engels (The Housing Question, p.51, Moscow edition 975)

> "To want to solve the housing question while at the same time desiring to maintain the modern big cities is an absurdity."—Engels (.....p.51)

> "In the beginning, however, each social revolution will have to take things as it finds them and do its best to get rid of the most crying

evils with the means at its disposal. And we have already seen that the housing shortage can be remedied immediately by expropriating a part of the luxury dwelling belonging to the propertied classes and by compulsory quartering in the remaining part." — Engels (.....p.51)

"The demolition of all unhealthy and jerry-built dwellings in urban districts."—Engels (Principles of Communism, Peking edition 1977)

"As long as the capitalist mode of production continues to exists it is folly to hope for an isolated settlement of the housing question or any other social question affecting the lot of the workers. The solution lies in the abolition of the capitalist mode of production and the appropriation of all the means of subsistence and instruments of labour by the working class itself." — Engels (The Housing Question, p.74).

8. Production of 'luxury' goods

In capitalist society, consumption of goods has productive and unproductive distinction. A certain portion of 'social mass of production' is consumed productively and certain other portion is consumed unproductively. All that is spent on means of production and means of subsistence of the productive workers is productive consumption while all that is spent on the means of subsistence of capitalist class and unproductive workers is unproductive consumption. There is a problem of proportionality between these productive and unproductive goods. The total production of the society should include a certain portion that is adequate for productive consumption and the remaining portion that is adequate for unproductive consumption. The 'luxury goods' have the capacity to upset these proportions. This is so because that the products of general maintenance are useful to consume either productively or unproductively. Either way they are useful. But luxury goods are exclusively useful to consume only unproductively (by the exploiting class). If a large quantity of luxury articles have been produced in the social production, then the quantity of productive articles diminish and the capitalist class will be unable to convert its 'surplus value' into new capital.

'Luxury article' means an article that is not part of the value of labour power of ordinary workers.

> "Articles of luxury which enter into the consumption of only the capitalist class and can therefore be exchanged only for spent surplus-value, which never falls to the share of the labourer." (Capital, vol.2, p.407)

> "...luxury articles...mean all production that does not serve the reproduction of labour-power" (Capital, vol.3, p.106)

When ordinary workers do not yet use radio, it remains as a luxury article used only by the capitalist class.

(The sections of workers who do mental labours also use to some extent the luxury articles, which the capitalist class uses. But we don't take this small portion into account while discussing issues concerning the working class as a whole). When a situation arises whereby radio, which the capitalist class alone uses, is gradually used by ordinary workers as well, radio becomes a necessary of life for the whole society, instead of being a luxury article. (It is a different issue that by the time radio enters into the life of workers, another hundred new luxury articles will have entered the life of the capitalist).

To say that a 'luxury article is anything that does not enter into the life of workers' does not mean that each article that enters the life of workers becomes a necessary of life.

Let us suppose that many people among workers drink liquor, smoke cigarettes and spend their leisure time by playing cards etc. In the exploitative society, we find many products that encourage addictions/ vices. Such products are not 'natural needs'. But if we examine the term 'necessary of life' in its proper sense, an article becomes a necessary of life only when it possesses the following 2 features: (1) It should be a natural need, (2) It should enter the life of workers.

Certain luxury articles that the capitalist class uses will be as 'natural needs' only. But they do not enter into the life of the workers. Some luxury articles will be as 'unnatural needs'. Even if workers use such articles, they don't become necessaries of life. Rearing dogs is a 'luxury' in the capitalist families. Or, if they say that dogs are for watching the thieves, then thieves, watchmen and expenses connected with them are 'unnatural' things.

Rearing of dogs is also done in the working class families. The

nature of that activity depends on the purpose with which it is done. If labourers who do such jobs as rearing of cattle, goats etc., raise dogs for the purpose of protecting the cattle from wild animals like wolves, then it is not an 'unnatural labour'. Or, even if they raise them due to their love for animals and birds, then also it is not an unnatural labour. But if they do so to show off with a view to imitate the rich families, then it is not a necessary of life.

All the products that are made for show also come under the production of luxury goods. Suppose while it takes 100 hours of social labour time to make a dining table with ordinary teak wood and in an ordinary manner, it takes 5 thousand hours of labour time to make the table of the same size with red sandal wood, carved with ivory-tendrils and golden stars. The first table as well as the second one is used for the same purpose (of eating food). But the capitalist keeps only the second type of table in his mansion. When the entire capitalist class uses only showy articles, large part of means of production and living labour of the society are spent on the production of this kind of luxury articles.

There is a contradiction in the consumption of luxury articles by the capitalist class. The number of luxury article should be in large number for one purpose of this class and should not be in large number for another purpose. Let us examine this in some detail.

Whether the capitalist class wants to use means of subsistence or luxury articles or to expand capital, all these products should come from the 'surplus value' only. It means that the products that constitute surplus value should be in adequate proportions to meet all these requirements. The surplus value that comes into the hands of the capitalist class will be in an excessive quantity. That class alone has to enjoy the whole of that surplus value. Therefore, all the articles which this class uses should be highly valuable and showy that suck large amount of labour. Further, since this is a non-labouring class, it needs many kinds of unproductive pastimes to spend its time. This situation creates the need to spend a larger portion of social surplus value on the luxury articles. It means that a large portion of surplus products will have to be luxury articles.

But on the other hand, the need for converting 'surplus value' into 'new capital' will impose some limit or the other on luxury articles. It is so because surplus **c+v** have to be produced in appropriate proportions.

Suppose all the cloth-capitalists intended to sell away the cloth produced in a year and convert some portion of surplus into new capital again in the textile industry. Then they need yarn etc., on a larger scale than in the past. But if some capitalists have already either reduced the quantity of their production or stopped the production altogether and have gone into the production of luxury articles, the production of yarn diminishes and will not be available to cloth-capitalists in as much quantity as they need. Even if the cloth-capitalists do not get yarn, they would be able to convert their surplus value again into capital in some branch or the other if they get the means of production of other branches. But if the means of production are not readily available in appropriate proportions so that the entire capitalist class can change some portion of its surplus value into new capital and if only luxury articles alone are available, then some portion or the other of surplus value will cease to convert into new capital. Let there be any number of luxury articles, the capitalists cannot convert them into capital. If they buy, they have to use them only unproductively. In a mode of production that lacks a 'collective plan', there may not be any scope for means of production, means of subsistence and luxury articles to exist in appropriate proportions. In such an event, some branches will be entangled in the problem whereby they cannot undertake reproduction processes at a rapid pace. The difficulties of these branches will gradually surround the adjacent branches (those branches, which supply means of production to these branches and use the means of production of these branches) as well. Their reproduction processes too will face difficulties. These conditions create problems to the working class in one way and to the capitalist class in another way. In such difficult times, lot of anger is showered on the luxury articles and luxurious life even from a capitalist point of view.

Under these circumstances, capitalist sages who 'condemn' the luxurious way of life too emerge. They carry on such teachings, writings and babbling as: "human beings should lead a 'simple' and 'ideal' life; 'excessive' luxuries lead humans to 'evils'" and so on. The essence of their insane babbling is that 'non-labouring human beings' should abandon luxurious life and spend their time by doing 'penance'. Spending time in luxuries is inevitable for non-labouring fellows. They won't have any other way except that life. When capitalist humans alone should use large part of products in the society, all those products should be made in a luxurious manner that suit those humans. But the capitalist sage does not

know this. All the teachings that these sages and ascetics make to create disinterest in the luxurious life on the part of the idle gang, which does not have any other life except luxurious life, will go with the wind like meaningless babbles. The problem of disproportionality between productive and unproductive elements continues to exist as ever.

9. Production of luxury articles in the 'new society'

Won't there be production of luxury articles in the new society? Let us offer an answer to this question here itself. Any article that we use with a view to meet 'natural needs' will not be an article of luxury. Every person in the new society has to live on his/her own labour without taking even a single atom of the labour obtained from exploitation.

There will be some instances when every person becomes ill. There will also be some occasions when a person abstains from 'work' to attend other things and feel laziness to do the work. Holidays will invariably be there. Let us deduct all such instances from a period of one year. Let us put ourselves a condition that the daily work should not exceed 4 or 5 hours. The labour that a person does in a year should be such that it satisfies all the wants of that person. Therefore, all the articles that this person uses will invariably be only simple/non-luxurious articles. If he were an exploiter, he would get huge masses of labour of others. That fellow has to consume all those masses for himself. Therefore all the articles that the fellow uses will be luxury articles made of excessive labour. But it is not possible for a person, who ought to live with his own labour to use articles made of excessive labour. Articles can be of good quality even without having more value. If we make articles with a 'use value' motive and without making them in an adulterated manner with a profit motive, then every article will be of good quality. Every article that we use in the daily life ought to be (1) comfortable, (2) of good quality and (3) pleasing. Owing to these features, it won't become an article of luxury.

In the New Society, there won't be such things as 'luxury article' or 'luxury life' specifically. Every article that is naturally necessary becomes a necessary of daily life. There won't be and should not be any article which is accessible to some and inaccessible to others.

10. Once again on the capitalistic luxury life

As the productive forces keep increasing in the modern industry by means of large-scale machinery, the luxury life of the capitalist class goes on increasing.

In the past societies, exploiting class used to spend almost all the 'surplus production' for self-consumption. But the capitalist class does not spend the entire 'surplus value' for self-consumption. It uses only some portion for self-consumption. Yet the capitalist class leads more luxurious life than the exploiting classes of the past. The reason is that in the capitalist society, owing to the rise of productivity, the mass and the variety of surplus products which the capitalist class gets increase many hundreds and thousands times. As the surplus value increases, it becomes possible for the capitalist class to get satisfactory luxury life on the one hand and to attain expansion of capital at an adequate level on the other hand.

An increase in the luxurious life for the exploiting class along with the expansion of its capital implies increase of luxury articles. It also implies the increase in the number of unproductive labourers who serve the capitalist class. As the expansion of capital is on the rise, a part of the working class increasingly becomes 'servants' who render domestic services: cooks, household workers, drivers and so on. Like 'ancient domestic slaves', a 'servant class', consisting of male-servants, female-servants, servants to do various kinds of chores, gets reproduced.

According to the census of 1861, the total population of England and Wales was 2,00,66,224. The following groups of people who did not do any labour were included in this part of the total population:

1) Infants, very old people, Women, Young men and Young women who do not participate in the production;

2) 'Ideological' groups such as government employees, priests, lawyers and soldiers (who perform ideology-related functions of the society);

3) The non- labouring sections such as capitalists and land lords;

4) Unemployed population consisting of paupers, vagabonds, criminals etc., who do not do any labour.

If we deduct all these groups from the total population, there remain 80 lacs of people connected with 'spheres of labour'. Out of these 80 lac people, the domestic servants constitute 12 lac! If we examine branches of textiles, mines and metals individually, no branch included 12 lac workers. When compared with the number of workers of productive branches individually, the number of domestic servants was twice the number of a particular productive branch, and thrice the number of another productive branch and so on. Of the total 80 lac working population, while 68 lac people are servants of capitalist class in industries, 12 lac people are servants at the households! If we calculate the number of these domestic servants in this country, how large the percentage might have grown by now!

This is the wonderful result of the use of capitalist machinery.

11. Expansion of Capital is Expansion of 'Means of Production'

Every individual 'capital' operates as a force that concentrate the means of production. The capitalist who once started cloth production from a particular level increases the level of production by gradually expanding the capital. While the textile industry is still in operation, his capital increases after some time and he enters into the 'mine' industry. Later he enters into the 'sugar' industry. Later he would start a daily newspaper! In order to provide full work day and night to the modern printing press brought for the daily newspaper, he would also start children's magazines, adults' magazines and women's magazines. After these get established, he enters into the 'pickles' industry. After gaining foothold in mango pickles, lime pickles and so on, he begins to make movies. Then enters into 'cement' industry, later into construction industry and then... There is no end to this. As each industry keeps giving 'surplus value', the surplus value that comes from all directions keeps growing wildly. If the surplus value again enters into some industry or the other and gets profits, interests and rent from there also. Thus, the 'means of production' in the hands of a capitalist gradually keep growing. The same thing happens in case of every capitalist.

Whenever a capital becomes 'sick', it soon takes shelter under the shade of a fat capital and it too develops fat and shines. Thus, the mean of production produced every year keep transforming into capital.

The Capitalist who at the time of entry into an industry, had a capital of 10 thousand only, will raise up to 10 lacs after 5 or 6 years and 10 crores after passing some more time. The Capitals of big capitalists will be in such unimaginable levels as 200 crores, 500 crores, 5 thousand crores and so on. According to these capitalists and their economists, even the 5 thousand crore capital too is the result of the capitalist's hard work! It is something that he accumulated by saving without even eating adequately!

The level at which the social capital of a given country centralised the means of production depends upon the historical conditions of that country. It depends mainly on the extent to which it expropriated the (rented-land, instruments of handicrafts etc.,) that existed in the hands of the labours in the past.

This (alienating the labours from the means of production) happens at various levels in various countries. In some countries, a part of the labouring class possesses few acres of land while being 'Wage labourers'. In some countries, majority of the workers will be totally propertyless. Thus, alienation of wage-labourer from the means of production will be different in different countries.

Moreover, there will be differences in the development of production forces in different countries. Owing to these differences, there will be differences in the 'rate of exploitation' (rate of surplus value)

If the capitalist class can extract surplus value in the society as a whole on a large scale, expansion of capital will be on a large scale; if not it would be at a small scale. It means that expansion of capital on a large scale or on a small scale is merely an extraction of surplus value on a large scale or small scale. The scale at which the capitalist class is extracting surplus labour depends upon the scale at which the Working class offers the resistance to it.

12. Capitalism is not 'Circular'; but 'spiral'

If reproduction always takes place at a simple level, we can imagine it to be 'circular'. The word 'circular' refers to a form that goes up making circles at a uniform level. But, capitalist reproduction is not 'circular' since it does not have the character of being carried out at a simple level.

Capitalist reproduction is inevitably an 'expanded reproduction'.

To use Sismondi's expression, Capitalist mode of production is "spiral". It is like a bundle of wire where the wire goes up making circles, each one wider than the one before. This does not mean that Sismondi, who was able to say this about capitalism, knows the formula of surplus value. One can explain very precisely the external symptoms even without grasping the 'internal' cause. Because they appear outwardly only. Many economists gave such explanations concerning many aspects of capitalism.

The evil contradictions of capitalism do not exist in the same conditions. They do not develop always with the same pace. Depending upon different conditions and opportunities, they behave sometimes mildly, sometimes intensively.

The contradictions of the system that begin with the appropriation of 'surplus' value by Capitalist Class become aggravated from the moment this system enters into the 'arena' of competition and reaches the stage of 'production for the sake of production'.

The condition, which facilitates appropriation of the surplus value in large quantity, will be more contradictory in nature than the condition, which facilitates appropriation of the surplus value in small quantity.

The condition in which some position of the appropriated surplus value is converted into capital will be more contradictory in nature than the condition which in which the entire surplus value is used for self-consumption.

The condition in which larger portion of the 'surplus value' is converted into capital will be more contradictory than the condition in which smaller portion of the surplus value is converted into capital.

As the rate of expansion of capital increases along with the rate of surplus value, the contradiction of capitalism will intensify.

The plight of the Working class will have to increase in proportion to the increase of expansion of capital.

The class that gives its labour, flesh and blood as capital will acquire constant poverty, ignorance, slavery, beastly nature, and moral degradation and so on due to the capital. Extreme poverty is seen dancing violently in those cities where heaps of production are found. On the one hand, such

unlimited and inexhaustible riches that the capitalist doesn't know what to do with them. On the other hand such a dire poverty which compels working class people to have a life of worse than dogs and pigs! On the one hand, constant luxuries and extravagance. On the other hand permanent grief and unbearable life. Expansion of capital enhances these 2 features year after year.

13. 'Expansion of capital' is also 'Expansion of workers'

Each individual capital functions as a force that increases means of production on the one hand and as the mass of workers on the other.

Expansion of capital and expansion of masses of workers are two consequences of the same relation. Accumulation of capitals is also an accumulation of workers. Accumulation of capitalist properties is also accumulation of the sufferings and problems of the working people. This whole development provides the basis for a new mode of production that abolishes the contradictory relations between the labour power and the conditions of labour. Making of a 'revolutionary' force that can resist the capital constitutes that basis. The Working class emerges as a revolutionary force from capitalism itself. It overthrows the domination of capital, abolishes its mode of production, liberates itself from the exploitation of all ages and begins its journey along the path to a 'New World'.

For the thinkers who confine themselves within the capitalist limits, all this sounds confusing and exaggerating.

14. New mode of production not spiral; but circular

In the new society, all persons do labour. The labour of every individual will be useful to himself/herself, This is the first condition.

Every individual has to support himself/herself. He/she has to maintain his/her children and old people in the family. In addition to this he/she has to share some certain kinds of expenses concerning the society. All These things together constitute 'responsibility of the individual'. Discharging this responsibility amounts to doing labour for oneself.

Will there be simple reproduction or expanded reproduction in the new society? To understand this question, we have to examine some examples.

There will be population growth in the new society as well. Researches will be undertaken to produce new use-values and to increase productive forces. Before all these things, many arrangements, which were not there in the society, have to be made. All these arrangements require 'labour'.

In some instances, 'surplus labour' too is required. For that, the means of production should increase in number than before. But this situation is not akin to expansion of capital. Contradictions that form in the course of expansion of capital do not arise here.

Increase of 'means of production' under capitalism becomes part of that mode of production only. But, it does not happen so in the new system. If more means of production than in the past are required here, we have to devise specially a plan. Either increase or decrease of kinds of products here depends upon the societal needs. Planning in accordance with needs will be the feature of new system.

Now let us see some examples serially.

1) In the beginning of the new society

When the new society begins, the majority of the working class population will still live in dire poverty. They will be in a situation where means of subsistence are not at all enough. But, a change will immediately occur in the case of 'wages'. In the capitalist society, the capitalist can retain large part of surplus value only if value of Labour power is at a minimum level. But, here, this new society will not have any need to keep the value of Labour power at such a minimum level. Except a small portion that will be spent as 'social fund' on outside needs, the entire remaining portion of the value of labour of an individual will go only to that individual. A change will begin whereby people live without 'hunger'. This situation will go on improving.

But other problems will not be solved as early as that of 'hunger'. For example, the housing problem. In the beginning of the new society, the Working class will not have comfortable houses. Though the working population wants to share the houses that were until then under the control of capitalist population, those houses too will not be enough. Unless many lacs of new houses are built, the housing problem of the whole society will not be solved. Similarly, society needs many lacs of new schools,

new hospitals, new buses, new roads, new trains, new railway lines, and such other new products. To satisfy all these wants, which the working population did not have access earlier, all the relevant products are now needed.

If the total population in the new society produces only the same number of means of production and means of subsistence which they consume in all the branches in a year, (that is, if they undertake simple reproduction only), not even a single additional undertaking would be possible in that society. Only the consumed, old products will return. In the initial stage when society requires many thousands and lacs of additional undertakings, new wants cannot be satisfied if 'simple reproduction' is undertaken each time. Therefore, expanded reproduction will be indispensable until all those wants are satisfied and society reaches an established stage. This will be necessary only for some period of time only, not forever.

A point to be understood about 'reproduction' is that either 'simple reproduction' or 'expanded reproduction' in the new society will not be the same as they are under capitalism. They will have some differences. We have to understand these things at the outset.

First let us consider Simple Reproduction. We are considering the total social production and a period of one year.

(1) 'Simple Reproduction' under capitalism:

The value of mass of production = 80**c**+20**v**+20**s**=120.

The value '80c' will not be reproduced. It merely gets transferred. But these products will be reproduced. Old Means of production are consumed and new ones are produced by their new value only.

'20v' represents the 'means of subsistence' of labourers. These products and this value too will be reproduced.

'20s' is the surplus value of the labourers (surplus labour or surplus production). This is a fresh production that is obtained without spending any product for it. Hence, it is 'surplus production'. This consists wholly of means of production for the capitalist class. This will be spent on the maintenance of this class in a period of one year.

That is, the society as a whole uses '20v+20s=40 value' for its maintenance.

Every simple reproduction is carried on again and again with the same quantity.

(2) Simple reproduction in the new society:

Here also, we have to take the old example and see which aspects will be different.

Since 80c merely gets transferred, it is unnecessary to deal with it. We have to see the remaining 40 only.

Here the population of the society produces means of subsistence of 40 value and uses them in a period of one year. However this 40 value splits into 2 portions here also. (1) As a portion that goes to the producers as 'wages'; and (2) As a portion of 'social fund' that goes to the state.

This portion of 'social fund' is not something that goes to others. This is spent only on the needs of the society. For example, for common needs such as state-run hospitals and schools. The population of the society itself utilises these hospitals and schools. It means that this portion too goes to the producers only. Which means, producers use the whole of their labour for themselves.

Suppose that 100 articles per day are spent on the self-maintenance of an individual and also on the other duties, which he has to discharge both at home, and outside. If that individual uses those articles and reproduces again the same articles, it only means that he has reproduced only that labour which he used. Here there won't be 'surplus labour'.

Here, if we consider the living labour of the producers in terms of **v+s**, it won't be a correct division. How can we give the name **s** to a portion of 'labour' where there is no s at all? Therefore, we have to give different symbols to those portions.

Let us call living labour as L (labour). This is 40.

As L has to split into 2 parts, let us call those parts as L_1 and L_2.

L_1=Wages. Let us suppose it is 30.

L_2=Social fund. This is 10.

'Social fund', here, does not mean 'surplus value'. Here, there won't be 'surplus value' at all.

Here, we may see the total value of the production, created in the 'simple reproduction' as follows:

$80c+30L_1+10L_2=120$.

If we take out 80c from 120 and keep it aside, the remaining '40L' is spent on the maintenance of producers. The same thing happens every year.

What is the difference?

Simple Reproduction under Capitalism	Simple Reproduction in the New Society
1) 'Surplus labour' is present.	1) 'Surplus labour' is not present.
2) Living labour splits into 2 parts. The 2nd part goes to the class that does not do labour.	2) Living labour splits into 2 parts. But the 2nd part also goes to the labouring population.
3) No scope for the 'expansion of capital'	3) No scope for the 'expansion of production'.

Now let us consider 'Expanded Reproduction'.

(3) 'Expanded Reproduction' under Capitalism:

Value of the production=80c+20v+20s=120.

The value of 80c gets transferred. These products will be reproduced.

'20s' is the surplus value of the workers. These products will be of 3 kinds: (1) Means of subsistence and the luxury articles that the capitalist class uses, (2) Surplus means of production, (3) Surplus means of subsistence. These are the ones that are mainly used by the workers. These may include the kind of articles that the capitalist class also uses.

In order to carry on reproduction with this mass of production, surplus means of production and surplus means of subsistence included under **s** will be added to the old capital as new **c+v**. Then the capital

expands. The number of workers also increases. These new workers may be either the then existing unemployed people; or those who had just completed job-related training and were about to join the jobs afresh. These increased workers join the jobs afresh and take the increased **v** as their wages.

If expanded reproduction is carried out by means of expanded capital, portion of **s** increases compared to the past. The new **c+v** also increases compared to the past. In this manner, every expanded reproduction keeps expanding capital.

(4) Expanded Reproduction in the new society:

'Expanded reproduction' means carrying on reproduction on an extended scale even in the new society. That is, increasing the level of production.

In order to expand capital in the capitalist expanded reproduction, there should be surplus means of production and surplus means of subsistence (surplus **c+v**). But, in order to raise the level of production (that is 'capital') in the 'new' expanded reproduction, it is enough if there are surplus means of production. Surplus means of subsistence are not necessary. Because, here, there won't be a surplus population that comes into jobs afresh. The entire population in society are already in the jobs. There won't be any unemployed population. The entire employed population will have possessed means of subsistence by that time.

Suppose that the population was, until then, performing a given amount of labour that is enough to maintain themselves comfortably. Also suppose that the population divided that labour into L1 and L2 and using both at home and outside. If things really take place like this, there won't be 'the portion of surplus labour' in that labour. It means that every body is using his/her own labour.

Let us suppose that, in such a situation, society required more labour than the daily available labour because new needs have arisen or old needs themselves are not satisfied. The same population itself has to perform that more labour also. But means of subsistence of that population need not rise for that purpose. If some one performs labour for some additional time compared to the past with the same value received earlier, then it becomes 'surplus labour'. This amounts to taking less labour for

personal use and giving more labour in return. If we see this in terms of 'value', it amounts to using less value and producing more value.

If the population of the new society performs more labour than the value that it uses daily, it becomes 'surplus labour'.

(If it is under capitalism, the daily labour of labourers includes the portion of surplus labour even if they do labour with daily wages.)

In the new society, whatever new products that working class would plan to produce with the 'surplus labour time', the same would be produced. If we want to produce a particular kind of surplus means of subsistence, we can produce the same. If we don't need surplus means of subsistence, we need not spend surplus labour on them. Or, if we want to raise daily means of subsistence to some extent, we can spend some portion of surplus value for them.

There won't be any problem if production in a branch increases. The amount of production in that branch may be reduced in the next round. Thus we may plan in any manner depending upon the social needs.

All that which is not possible in the capitalist society, with regard to planning, will be possible in the new society since land and other means of production here do not exist as the private properties under the possession of separate individuals. There does not exist here a situation whereby non-labouring masters will have the right over the products produced. Owing to such changes as elimination of all the hurdles formed due to 'private property rights' and performance of labour by all people, collective plans will be gradually and easily possible in the new society even from the beginning and even on a small scale. Collective plans will become wider in scope and more definite in nature with new experiences gained constantly.

In the new society, there won't be surplus products under any circumstances if there is only that much labour which is enough for regular maintenance. We have to do 'surplus labour' if we want to raise the level of production even to a minimum extent. For that, it is enough to have surplus means of production. There won't be a situation whereby it becomes indispensable to have surplus means of subsistence.

Even if the population of the new society performs surplus labour without additional wages, that labour will not go anywhere. Whatever

products labour makes, they will be utilised later to satisfy the needs only of that population. Therefore, it means that the population is using its own surplus labour.

In the 'simple reproduction' of the new society, we have divided the labour of the producers into 2 parts as L_1 and L_2. We have also seen that there won't be 'surplus labour' in those portions. The whole of this labour was already present earlier. It is the labour that was spent in the past and is reproduced.

As 'surplus labour' too exists along with L_1 and L_2 in the 'expanded reproduction', let us call this L_3. We may see these 3 parts as follows.

1) L_1. This is the portion of wages, which the producers receive.

2) L_2. This is the portion of 'social fund'. Either the state or similar kind of organisation will receive this portion and spend it on the needs of the society.

3) L_3. This is the portion of 'surplus labour'. This portion mainly consists of 'surplus means of production' only. If it also includes some part of 'surplus means of subsistence', the level of means of subsistence of the producers will increase in the subsequent period of time. This L_3 too goes into the hands of the state. It will be spent only through the state on new undertakings and to raise the level of social production. Since this will also be spent on the needs of the society, it also means that producers are using their 'surplus labour' for themselves.

We have divided the labour of producers into 3 parts only to examine it in detail. But, in the new society also, the labour of producers will be of 2 parts only. (1) Wages and (2) Social fund. It is enough to call these parts as L_1 and L_2. We have assumed that L_3 too has merged with L_2. To make our example simple, let us suppose the entire L_2 as surplus labour.

In the capitalist 'expanded reproduction', we have seen the value of production in terms of '80c'+20v+20s=120. A living labour of 40 has become necessary to function with '80c'.

We may see the same value of production in the new expanded reproduction as follows: $80c+25L_1+15L_2=120$.

Here also, a living labour of 40 is needed to work with '80c'.

What is the difference?

Expanded reproduction in the capitalist society	Expanded reproduction in the new society
1) 'Surplus labour' exists. It goes to the capitalist class only. One part of it is to expand capital.	1) 'Surplus labour' exists. But it is for the needs of the producers as well. One part of it is to increase the level of production.
2) Collective plan is not possible.	2) Collective plan is possible.
3) Capital expands, but with many obstacles.	3) Level of production increases, without obstacles.

Let us suppose that after a period of 10 years since the beginning of the New Society, all the arrangements that are necessary to keep the population of the society healthy and comfortable have been made. Thenceforth, the duty of the population is to reproduce the total number of products that are necessary in a year. The entire population has to keep reproducing the means of production and means of subsistence that are consumed.

We have seen in the first example as to what sort of needs exist in the beginning of the new society. Now let us see the second example.

2) Population growth

There will be population growth in the 'new society' as well. Let us suppose that on a particular day when census is taken, there are 1,000 persons on the whole in this society. By the time of completion of one year, let us suppose that 10 old people died and 20 infants are born. If we again take census, then population of 1010 people will be there. It means that population per year per hundred is one or 1 percent. Since the population grew by 1% by the end of 1 year, the level of production too should grow by 1% in that year.

Does every individual in this society have to do 1% of more labour than in the past? Not necessary. The level of production rises without any one doing more labour than in the past. Those who require more

production will do that required labour. It means that 'the growing population' will do its own labour. This does not mean that infants who are born this year will begin to work this year itself. Some of the children who were born in the previous years will begin to work from this year.

When we say that there is a population of 1000 persons in the first year, there will be children of many age groups in that population. Let us suppose that every girl and boy have to do some kind of light jobs, beginning from a certain age. Suppose they do some work for a few hours in their own schools. These children who have thus begun to work, the children who have not yet begun to work, the adults who do work, aged people who cannot do any work, patients who cannot do work temporarily...the sum total of all these people amount to that 'one thousand'.

As the fact that there exists some population that cannot work applies to the population of any year, we do not consider such population. To make our example simpler, we say that 'the entire population is doing work'.

If we assume that 20 children are born each year and each boy and girl begin to do small work from the age of eight, 20 children who were born 7 years earlier will begin to work from this year. 20 children born 8 years earlier will begin to work from the next year. The same thing happens every year. The number of children born every year is 20. The number of new persons who begin to work is 20. This means that children born this year begin to work from this year only. That is, the 'increasing population' in the society is doing its own work.

If the population consists of 1000 persons, the entire population does the labour.

Similarly, even when the entire population becomes 1010, all people do the work.

The growing population may be 10 persons in one year, 9 in another year and 12 in yet another year ...thus, it may be more or less than compared to the past. Whatever be the population growth, the essential point here is that the growing population also comes into the work. Since the growing population does work for itself, there is no need for the individuals in the society to do more labour in the name of 'population growth'.

But if we take 'total production' of society into account, it has to increase along with the 'population growth'. The production has to become double when the population consists of 2 thousand persons instead of 1 thousand. Here, 'increase in the production' does not mean increase in the labour that a person performs. As the number of persons who do labour increases, production increases.

We have to understand this point from a different angle also.

Population growth means, birth of children in the society. It is the duty of the parents to do little more labour to increase production for the sake of children. The children too will do the same when they become adults tomorrow. If we look at the population of society in terms of such familial relations as 'parents' and 'children', the entire population is seen consisting of children and elders. Those elders do labour for the sake of those children. After some time, those children become adults and do labour for the sake of their children. Thus, it so happens that each person does not do labour in the young age and does labour in the adulthood. If we look at this population simply as a population figure instead of familial relationships, it appears as if every person is doing labour for him/her self.

The level of production must rise if population grows. Production necessary for 11 people should be greater than that which is necessary for 10 people. The level of the production too increases in accordance with the needs of the increasing population.

When the rise in the level of production is as per the calculation of 'needs', it amounts to 'non-rise'. Producing more for more population is also the same as producing less for less population. If we compare the increased production with increased population, it means that the level of production has not at all increased.

The level of production that rises due to population growth in the 'new society' will not create any problem. The entire production will be spent on the needs of the population.

Will the population keep growing?:

When we examine the problem of 'population growth' a question arises. The question is: 'Should the population increase further and further?' We are imagining the new society as a society without

contradictions. In such a society, there won't be a situation of 'malnutrition'. There won't be a situation of inaccessibility to 'health care'. There won't be such phenomena as murder, suicides, famines and wars. Which means, there won't be a situation where the population rapidly vanishes away for any reason. When the number of deaths is less and number of births is more, the population will keep growing, won't it? Though people in the exploitative societies vanish in huge numbers due to many causes like hunger, disease, famine and war, the population increase will be at a higher level. When such a thing happens in exploitative societies, won't the population growth be at an excessive level in the new society? Will that increase continue like that? This is the question. The answer to this question is that we need not imagine that population grows at an excessive level because the new society tries to solve any problem rationally.

In the present day exploitative society as well, many men and women are satisfied with two or three children without any body's compulsion. They are forming ideas of equality, namely, 'It is the same whether it is a female child or male child'. Tomorrow, the number of the children may further decrease. There may emerge such people who are not worried even if they don't have children of their own. Such ideas may become widespread.

In the exploitative societies, the reason for giving birth to more children is not simply the notion that 'nature is giving us children'. There are many kinds of social problems involved in it. Owing to the system of private property, it is indispensable to have children in order to transmit 'properties' to the children. Children are indispensable where there are no alternative arrangements in the society to maintain and take care of the aged people if they don't have their own children. People go on having children until a male child is born with a dogmatic religious belief that the family's continuity forever is ensured only through the male children. People do not know the ways and means to reduce childbirth. These means are not accessible to them. It so happens that husbands either abandon their wives or marry again if their wives do not give birth to children. Many such conditions exist in the exploitative societies. Hence, giving birth to many children becomes a social obligation. When all the conditions of this compulsion vanish, people will be ready to minimise the childbirth to a great extent. Many people may not consider it a problem not to have

children. As there is scope for this kind of changes, it is not possible to conclude that population will inevitably go on increasing on a large scale.

Concerning the labour in the 'new society', we have so far seen 2 examples. Let us now see the third example.

3) New Use-values

Now, we have to see also new use-values that enter into the society afresh. 'Entry of 'new use-values' takes place in 2 ways. Entry of a new use value in the place of an old use-value to satisfy the same need' is one kind of entry. 'Entry of new use-value that satisfies a new need that hitherto did not exist in society' is the second kind of entry.

'Soap' is one of the many daily necessaries. Suppose we got better knowledge compared to the past concerning a particular kind of soap: regarding its raw materials, its method of preparation both in terms of quality and hygiene. Then the production of old soap will cease and the production of new soap alone will be there. There won't be any change in the number of needs of a person due to the production of this new soap. New soap has come in the place of the old soap. That's all. New products keep coming in the place of old products without changing the needs. If construction of 'cement houses' is undertaken at all places instead of 'tiled houses', production of tiles will cease completely. Similarly, driving of the carts and tilling of the soil by the oxen may cease completely after some time. Then production of ploughs, production of ox-driven carts and ox breeding for cultivation will also cease. Thus, with the introduction of use-values whose quality is better than those hitherto used, the old use-values will cease to exist.

On the other hand, thereafter fully new use-values that were not in existence hitherto will begin. Things like watch, camera, film and telephone are use-values that were not there earlier. Owing to the introduction of these new use-values, the number of use-values that a person uses will increase. Which means, the number of 'needs' of the individual will increase. Thus, when the needs increase in number, the amount of labour which a person has to do also increases.

Increase of labour for the sake of new use-values means increase of the level of production in society. But in the 'new society', such a rise in the level of production too will not create contradiction since that increased

production too will be spent on the 'needs' of the people who perform that labour. Less production for less number of needs, more production for more number of needs. Both conditions are the same. Here, there won't be any special problem that arises due to increased production.

How can we say that the new mode of production is 'circular'?

We have examined three kinds of conditions in order to understand the factors that contribute to the rise in production in the new society. Any other condition, which we have not seen here, comes under any one of these kinds only.

A rise in the level of production due to new arrangements that were not there earlier, due to population growth, due to new use-values or due to any other reason will not create any kind of problem here. Even if production beyond the requirement is undertaken in one branch of production at one time, decreasing that production next time will solve the problem. In this society, there exist all conditions that facilitate planning all the branches of production collectively. Therefore, here, a situation will not arise whereby inexhaustible production is dumped.

If the level of production is planned according to the population and its needs, it amounts to planning with a use-value perspective. The same thing happens here. Here, if the level of production rises it is in accordance with the needs; if it decreases it is also in accordance with the needs. Hence, both increase and decrease in the level of production will have the same consequences. Which means, the 'expanded reproduction' here will be with the same character just as the 'simple reproduction'. It means that the production process here loses the specific character of being simple reproduction or expanded reproduction and it amounts to the fact that the production process here always remains at the same level.

'Always at the same level' means always at the level according to the needs. Less production when there are less needs; more production when there are more needs. Less production when there is less population, more production when there is more population. Though production here does not in fact remain at the same level, it amounts to the fact that it remains at the same level.

But in the capitalist system, expansion of capital takes place with a 'profit motive' instead of keeping in view the real needs. Different

capitalists compete with each other with an intention to sell more commodities and get more profits individually compared to the others and hence keep on increasing the level and mass of production. Heaps of commodities that cannot be sold, hunt for foreign markets all such things follow one another. Let there be any number of attempts, the capitalists have to face the impending crisis whereby they cannot sell their commodities. Except under such situations, we don't find the idea of regulating the expansion of capital.

If we characterise the Capitalist Mode of Production (CMP), which expands year after year irrespective of natural needs, as 'spiral', we may characterise the New Mode of Production, which is always uniform in accordance with the natural needs, as 'circular'. 'Circular' mode of production does not create problems that the 'Spiral' mode of production does.

15. General formulae for 'collective plan'

Collective planning involves fixing of proportions between the quantities of the products belonging to different branches of production in society.

We have observed that there is no scope for the collective planning under CMP since it is a mode of production of private capitalists. We will see here how a collective plan should be and what will happen if it doesn't exist?

Society produces a 'gigantic mass' of various kinds of products in a year. Parts of this mass of products are under the possession of each private capitalist. Every capitalist has to sell away his production first and immediately purchase the mode of production required for the 'reproduction'. He has to purchase means of subsistence (also luxury articles) for himself. All the capitalists have to do the same thing. All the workers too have to purchase 'means of subsistence' with their 'wages'. Which means, various kinds of exchanges should take place among the capitalists and among the capitalists and workers. By the time one year comes to an end, old mass of production should be spent away and with the same products the reproduction process of the second year should be carried out. Reproduction process will be carried out smoothly only if the first mass is totally sold out. Otherwise, reproduction will face

problems. Even in the new society, reproduction is carried out smoothly only if the proportions of the products are in an appropriate manner.

We divide all the productive enterprises in the society into two groups: (1) Enterprises that produce 'means of production', (2) Enterprises that produce 'means of subsistence' (enterprises that produce luxury articles are also part of this).

Enterprises that produce raw materials, instruments of labour, auxiliary material come under this group. All the enterprises that produce means of subsistence come under the second group.

A particular kind of product may be useful as 'means of production' as well as 'means of subsistence'. Coal will be a means of production if it is used at a production place and means of subsistence if used at home. Similarly, rice will be a means of production if used in hotels and a means of subsistence if used at homes. Then, how to categorise such enterprises which produce coal and rice? Of the total coal produced in society, that part, which is consumed as means of production, belongs to the first group while that part which is consumed in the houses belongs to the second group. Which means, enterprises that produce coal do not wholly belong to the same group. Suppose that a total of 10 tonnes of coal is produced in a year and out of this 8 tonnes are consumed at production places and 2 tonnes at the houses. Then, we categorise 8 tonnes of coal under the 1st group and 2 tonnes of coal under the 2nd group. This is the case either with rice or any other product. Enterprises that produce machines wholly come under the 1st group while enterprises like hotels wholly come under the 2nd group. Products of many enterprises are consumed in 2 ways. In essence, all the means of production constitute 1st group and all the means of subsistence constitute the 2nd group.

In order to carry on the 'production process' smoothly, different products should be available in appropriate proportions. Let us say that 10 tonnes of cotton is required to make the cloth necessary for the whole society. Its value is Rs.100. Suppose that only 5 tonnes of cotton is grown in a year. If 10 tonnes of cotton had 100 value in the past, 5 tonnes of cotton itself now has, let us say, 100 value. If we simply see things here in terms of 'value' calculation, it appears as though cotton of 100 value is again produced in lieu of cotton of 100 value. But if we see the size of the cotton, only 5 tonnes of cotton is produced in lieu of 10 tonnes. When

situation is like this, cloth, which the society requires, will not be produced. Whether the value of 5 tonnes of cotton is 200 or 500 or it may increase any number of times, the required amount of cloth will not be reproduced when there is no required quantity of cotton.

Now, we are going to see the proportions of reproduction in terms of value calculation only. But, we assume that all the calculations of 'use-values' (all the quantities of products) behind those value calculations remain unchanged as before. Suppose the value of 10 tonne of cotton is 10 rupees. When we say that 10 value of cotton is reproduced in lieu of 10 value of cotton, it only means that 1 tonne of cotton is reproduced again in lieu of 1 tonne of cotton consumed. When we say that cotton of 100 rupees is again reproduced in lieu of cotton of 100 rupees consumed, it only means that 10 tonnes of cotton is reproduced in the place of 10 tonnes of cotton consumed. Keeping in view of all these conditions, we have to examine this question of proportions.

We have assumed that all the means of production constitute 1st group and all the means of subsistence constitute 2nd group. All the capitalists belonging to the 1st group will have means of production only. Some of them will have raw material, some will have instruments of labour, and some will have auxiliary materials. Thus, they will have different products with them. Each will sell one's own products. Capitalists belonging to this group buy from each other some portion of the means of production produced in their own group. The capitalists of the 2nd group buy the remaining portion of the means of production from the 1st group. None of the workers buy the products of this 1st group.

The capitalists and the workers of the 2nd group purchase some portion of the 'means of subsistence' produced in the 2nd group. The capitalists and the workers of the 1st group purchase the remaining portion. It means that, if the capitalists of the 2nd group alone buy all the products of the 1st group, capitalists and workers of the 1st group buy all the products of the 2nd group. All the movements of these products take place only through 'exchanges'. Commodities in the capitalist society do not move without sales and purchases.

We will first see the formulae of 'Simple Reproduction'. Simple Reproduction does not in fact at all take place in either the capitalist society or the new society. Yet we will see simple reproduction first and

with the help of its formulae we will later see the formulae of 'Expanded Reproduction' since simple reproduction is also a part of expanded reproduction.

Here we are not concerned with such details as whether this is capitalistic simple reproduction or simple reproduction of the new society. The formulae of reproduction are the same in all the societies excepting that the 'living labour' in the capitalist society consists of **v+s**, while it consists of L_1 and L_2 in the New society. While 'capitalist simple reproduction' includes **s**, it is not so in the 'new simple reproduction'. Yet we need not be concerned with these differences because there won't be any change in the formulae of reproduction whether we divide the value of production into **'c+v+s'** or **'c+L_1+L_2'**. Therefore, to make our example simple, here we will see the value of production as **'c+v+s'** only.

1) Formulae for simple reproduction

The value of 'social mass of products' in a year is 900. This is the value of production of the 2 groups taken together. Of this, the value of products of the 1st group is 600. The value of the products of the 2nd group is 300. Simple Reproduction has to be carried out with these products so produced. All these products will be spent away during the period of 'reproduction'.

The value of products of 1st group is 600. All these are means of production only. Suppose that means of production of 400 value and wages (means of subsistence) of 100 value have been spent to produce these means of production of 600 value. Which means, here capital is '400**c**+100**v**=500'. Suppose the rate of surplus value is 100%. The total value of this production=400**c**+100**v**+100**s**=600. Thus, there were already the means of production of 600 value by the time of our example. There is every thing raw materials, instruments of labour, auxiliary material in these means of production of 600. All these products should be used as means of production necessary to carry out the process of simple reproduction in the 1st and 2nd groups.

How many means of production are necessary for all the work places of the 1st group in order to carry out reproduction process at a simple level? Only 400 are necessary as in the past. The capitalists in this group are able to exchange among themselves the 400 means of production by buying the products from each other. They cannot use more means than

that (400). Still 200 means remain. They go as means of production to the capitalist of 2nd group. Which means, they buy those means. In return, the capitalists of the 1st group get 200 rupees from there. Out of this amount, the capitalists of this group give 100 as wages to their workers. Another 100 will serve as 'surplus value' for all of them. By now, the sale of commodities of a total value of 600 is over in this group.

The workers as well as the capitalists of this 1st group need means of subsistence during the period of reproduction process. How many means of subsistence do the workers of the 1st group use during the period of 'reproduction'? They use means of subsistence of 100 value since their wages are 100. That is, they buy 100 means of subsistence from the 2nd group with 100 wages. How many means of subsistence do the capitalists of the 1st group use? Their income as a whole is 100. As we are dealing with simple reproduction here, there is no need to convert some portion of surplus value into capital. Therefore, the entire surplus value here can be spent on means of subsistence. Hence, all these capitalists buy means of subsistence of 100 value from the 2nd group.

Thus, out of the 600 means of production produced in the same group, '200 means' go to the 2nd group. In return, 200 means of subsistence come from the 2nd group to the workers and the capitalists of the 1st group. Thus, sale of the commodities in the 1st group and purchase of commodities for the 1st group take place. The reproduction process in the work places of the 1st group goes on as usual while the workers and capitalists of this group consume the means of subsistence of 200. The items of expenditure connected with this reproduction are '400**c**+100**v**'. If we assume the rate of surplus value as 100% again, the value of the commodities produced by means of 'reproduction' =400**c**+100**v**+100**s**=600. All this production will be of use as 'means of production'. By now, 'process of reproduction' has taken place in the 1st group.

If reproduction has taken place in the 1st group, it means that reproduction has taken place on the other hand in the 2nd group as well.

In the 2nd group, means of subsistence of 300 value were already produced before reproduction took place. Suppose, means of production of 200 value and wages (means of subsistence) of 50 value have been spent to produce these means of subsistence. The rate of surplus value here also is 100%. 200**c**+50**v**=250 capital. The value of products produced with this expenditure=200**c**+50**v**+50**s**=300.

These products, which are thus ready, have to be consumed for the 'maintenance' of the two groups during the 'period of reproduction'.

How many means of subsistence out of the already produced 300 means of subsistence, do the workers of the 2nd group use during the period of reproduction in order to carry out the process of production at a simple level? They use means of subsistence of 50 value only since their wages are 50. How many means of subsistence do the capitalists here use during the period of reproduction? All their income taken together is 50. Since we are examining 'simple reproduction' only, just as we did in the case of 1st group, here also the entire surplus value will be spent on means of subsistence only. That is, capitalists here buy from each other the 50 means of subsistence. It means that during the period of reproduction, workers and capitalists together here use '50+50=100 means of subsistence'. Still 200 means of subsistence remain. Capitalists and workers of the 1st group buy them. In return means of production of 200 value come over here from there. Thus, out of the 300 products produced in the 2nd group, 100 products remain in that group only and 200 products go to 1st group. 200 means of production come here from that side. Then the process of reproduction again takes place here with the capital of 200**c**+50**v**=250. The value created by means of reproduction= 200**c**+50**v**+50**s**=300. Thus, the simple reproduction comes to an end in this group as well.

In this manner, while the 1st group provides means of production to the two groups, the 2nd group provides means of subsistence to the two groups.

Capitalists of the two groups buy from the two groups. But workers of the two groups buy from only one group (that is the 2nd group).

We may briefly summarise as follows the things that we have so far examined.

The details of the 2nd group are like this:

(1) 400c +100v + 100s = 600. These are means of production.

(2) 200c + 50v + 50s = 300. These are means of subsistence.

Of these, '400c+200c' are in the hands of the capitalists simply as 'capital'.

If we look at 1st **v**+2nd **v** from the side of the capitalists they appear as parts of capital and if we look at them from the side of the workers, they appear as their incomes.

The 1st **s** + 2nd **s** are not part of capitals. These are the incomes of the capitals.

The products of the two groups should have mutual relations both in terms of 'value' and 'quantity'. These should be as follows:

1) The means of production produced in the 1st group should be equal with the means of production consumed in both the groups.

1st group **c** + **v** + **s** = 1st **c** +2nd **c**.
400 + 100 + 100 = 400 + 200
600 = 600

2) The means of subsistence produced in the 2nd group should be equal to the sum total of variable capital and surplus value of the 2 groups.

2nd **c** + **v** + **s** = 2nd **v** + **s** + 1st **v** + **s**
200 + 50 + 50 = 50 + 50 + 100 + 100
300 = 300

What happens here is this:

Out of the production of 600 produced in the 1st group, 400 will be sold in the same group.

Out of the production of 300 produced in the 2nd group, 100 will be sold in the same group.

The remaining production will, however, be sold between the 2 groups. If the 1st group gives 200 means of production to the 2nd group, the 2nd group will give 200 means of subsistence to the 1st group.

3) The sum total of variable capital and surplus value of the 1st group should be equal to the means of production consumed in the 2nd group.

1st **v** + **s** = 2nd **c**
100 + 100 = 200
200 = 200

Simple reproduction takes place smoothly with the annual mass of production, only if the entire production in a society is in accordance with these formulae.

Some capitalists shift either from one branch to another within a group or from one group to another. A capitalist requires some kind of means of production and means of subsistence irrespective of the point of shifting. If capitalists spend and produce in this manner, their points of shifting will not have any impact on the process of reproduction.

Now let us examine 'Expanded Reproduction' process.

2) Formulae for Expanded Reproduction

'Expanded reproduction' means addition of certain portions of s to the old capitals of the 2 groups and carrying out of reproduction process with expanded capitals on an increased level. Surplus **c+v** necessary for this should have been there in the **s** produced in the past. Which means, the past reproduction process too should have taken place as expanded reproduction and not as simple reproduction.

Here, we take the first example too in accordance with the expanded reproduction. This will be somewhat different than in the simple reproduction. We have seen this earlier to some extent. We have to recall all those things here once again.

Social mass of production in a year = 900.
In the 1st group: 400c + 100v + 100s = 600.
In the 2nd group: 150c + 75v + 75s = 300.
550c + 175v + 175s = 900.

Additional **c** in the 1st group : 50
Additional **v** in the 2nd group : 15

For this, see the example that we took earlier.

The proportion of **c+v** in the 1st group is 4:1.
The proportion of **c+v** in the 2nd group is 2:1.

s in the 1st group is 100. Out of this '50' is for the maintenance of the capitalists. It is '50' that changes as new **c**. From this 'new 50c', '40c' is added to the old '400c' of this group and it becomes a total of

'440c'. Which means, out of the 600 means of production that were already produced in this group, '440' are needed in this group itself. The remaining '160 means' will have to go to the 2nd group. In lieu of this, '10v' comes from the 2nd group and it is added to the old '100v' of the 1st group and becomes '110'. Then, the new reproduction process in the 1st group will be carried out with the capital of '440c+110v=550'; that is with the expanded capital.

The same is the case with the 2nd group also. Here **s** is '75'. '60' out of this is meant for the capitalists. The remaining '15' has to change as new capital (as new **v**). '5' out of this '15' will add to the old '75v' of this group only and it becomes a total of '80v'. The remaining '10v' will go to the 1st group. In lieu of this, '10c' comes from the 1st group and is added to the old '150c' of the 2nd group and becomes '160c'. Thus, the new reproduction process in the 2nd group takes place with '160c=80v=240'; that is with the expanded capital. Thus, in the 2nd group, '15s' changes as 'new capital'.

In the expanded reproduction, the two groups were as follows according to the 1st example. (Though we have seen this example before, we are recalling it here once again).

Production of the 1st group: 400c + 100v + 100s = 600.
Production of the 2nd group: 150c + 75v + 75s = 300.

After the new 'expanded reproduction' the 2nd group will be as follows:

Production of 1st group: 440c + 110v + 110s = 660.
Production of 2nd group: 160c + 80v + 80s = 320.

Expanded reproduction is once again possible with these parts.

In order to carry on expanded reproduction smoothly, the following formulae should appear in the relations of the 2 groups.

1) Means of production produced in the 1st group should be more in number than those spent in the 2 groups taken together. Only then, it is possible to use more number of means of production compared to those used in the previous production process, whenever reproduction processes take place in the 2 groups.

We may examine this point briefly as follows:

The total of 1st **c+v+s** has to be more than the total of 1st **c**+2nd **c**.

Initially spent **c**:

1st **c** + 2nd **c**

400 + 150 = 550c.

Newly produced **c**:

1st **c** + **v** + **s**

400 + 100 + 100 = 600c.

Newly produced **c** is greater than the **c** that was spent.

2) The newly produced means of subsistence in the 2nd group should be less than the total of **v+s** spent in 2 groups. They should be 'less' in number because the surplus values, which were already produced will not be spent wholly on the means of subsistence. New **c** should be purchased with certain portions of **s** of the 2 groups. Therefore, the sale of means of subsistence produced in the 2nd group will be completely possible only if they are less than the total of **v+s** of the 2 groups.

This, we may see briefly as follows.

The total of 2nd **c+v+s** should be less than the 1st **v, s** + 2nd **v, s**.

The initial **v+s**:

1st **v, s** + 2nd **v, s**

100, 100 + 75, 75 = 350.

The sum total produced in the 2nd group:

2nd **c** + **v** + **s**

150 + 75 + 75 = 300.

Here also, proportions are appropriate.

3) The **v** and s of the 1st group taken together should be more than the **c** of the 2nd group because in the expanded reproduction, some portion of s of the 1st group should function as new **c**.

We may see this briefly as follows:

The total of the 1st **v+s** is more than 2nd **c**.

100+100=200 is more than 150.

We have observed the relevant formulae with an assumption that the products of the 2 groups are in accordance with a 'collective plan' whether in 'simple reproduction' or 'expanded reproduction'. The situation, which requires 'exchanges' between the 2 groups that involve many hundreds and thousands of branches of production in the society as a whole, will inevitably necessitate a 'collective plan'. But this is totally impossible in the capitalist system. Under this system, either the individual capitalists or the group of capitalists within a branch will not have connection with one another. Each will have his own plan. If we take a cloth capitalist, he will have some plan or the other of his own, but he does not know the quantities in which other capitalists are producing the same kind of cloth as his. The plan of each capitalist depends upon his own 'productive force' only. Thus, under capitalism none will be in a position to devise a 'collective plan'. Therefore, all the products in the 2 groups will be produced in haphazard quantities without definite calculations.

Then how are the processes of reproduction possible here? How are the capitalists able to sell their commodities? They are able to sell by facing the problem of disproportion between 'supply and demand' and the problem of 'market prices' of commodities that fluctuate either above or below their 'production prices'. The situation whereby they are unable to sell the entire commodities also prevails. We will discuss these things in the chapter "Capitalist Price" of this volume).

Selling of commodities in capitalist society takes place in many improper and fraudulent ways. Periodically a situation arises whereby sales become impossible despite such improper ways. Then a situation arises whereby sales are totally stopped and even reproduction too is halted. This will intensify many problems in society, especially the problem of 'unemployment'. The result is that misery and starvation deaths of the working class population will be intensified.

16. Reproduction in the 'new society'

Formulae of reproduction are the same in any society. Formulae that we have seen a while ago apply to the new society as well. Yet, for the sake of clarity, we will see these things once again. Here, we will divide the value of production in a different way instead of **c+v+s**.

Here also, we will categorise the productive enterprises into two groups.

If we assume that after the beginning of 'new society', 'sales' of products will continue for some time and will cease to exist later, a 'collective plan' will become necessary for the production processes both in the sales stage and the non-sales stage. These formulae of planning are the same as 'formulae for reproduction' which we have discussed before.

Let us first consider the 'simple reproduction'. Let us take the example of capitalistic simple reproduction only. That example was as follows.

Production in the 1st group: 400c + 100v + 100s = 600.

Production in the 2nd group: 200c + 50v + 50s = 300.

In the new society, we have to use the term 'means of production' instead of 'constant capital (**c**)'. The symbol for the means of production is **'mp'**. If we combine **v+s**, it becomes total living labour. The symbol for this is **'L'**. Here we can use 'L' both for the 'Living labour' and the 'means of subsistence' produced.

As the 'surplus labour' does not exist here, it does not matter even if we divide 'L' into 2 parts. If we divide 'L' into 'L1' and 'L2', it means that wages and social fund exist separately. Or, if we don't divide 'L' into 2 portions, it means that wages and social fund are combined as a single whole. Therefore, we may take the example in any manner. The formulae will be as follows if we rewrite them with the changed symbols.

In the 1st 'production process':

Production of the 1st group: 400 mp + 200 L = 600 mp.

Production of the 2nd group: 200 mp + 100 L = 300 L.

The entire population of the society work in these 2 groups.

In this example, people working in the 1st group used means of subsistence of 200 value and in return gave 'living labour' of 200 value. Here there is no 'surplus labour'. Will, then, this whole of '200L' represent 'wages'? No. Certain portion represents 'wages' and certain portion represents 'social fund'. We are not taking those details into consideration here. Since that 'social fund' too is spent on the needs of the labouring people, wages and social fund together constitute 200. As the same amount

of labour will be done with the same expenditure, there is no 'surplus labour'.

Is '200L', in this example, value of labour or value of labour power? Here there is no distinction between these two things. We may call it either 'value of labour' or 'value of labour power'. It is both 'value of labour' and 'value of labour power'.

People in the 2nd group used 100 means of subsistence and in return gave 100 'living labour'. It is both value of labour as well as value of labour power. Here also, there is no 'surplus labour'.

Here the means of production (600 mp) produced in the 1st group are equivalent to the means of production (400 mp+200 mp) used up in the two groups taken together. Similarly, means of subsistence produced in the 2nd group (300 L) are equal to the means of subsistence (200L + 100L) used up in the 2 groups taken together.

When 'reproduction' takes place, the 1st group uses '400' out of the '600 mp' and gives '200' to the 2nd group. The 2nd group uses '100' out of '300 means of subsistence' and gives '200' to the 1st group. Thus, the simple reproduction takes place as usual.

Now, we may see the formulae of 'simple reproduction' as follows:

1) 1st mp + L = 1st mp + 2nd mp
   400 + 200 = 400 + 200

2) 2nd mp + L = 2nd L + 1st L
   200 + 100 = 100 + 200
   300 = 300

3) 1st L = 2nd mp
   200 = 200

Now, about the 'expanded reproduction' in the 'new society':

'Surplus labour' exists in 'expanded reproduction'.

Let us call the value of means of subsistence spent by the people who participate in the expanded reproduction process 'L_1' and the labour performed over and above that value 'L_2'.

An Expanded reproduction process:

1st group:	400mp	+	$100L_1$	+	$100L_2$	= 600.
2nd group:	150mp	+	$75L_1$	+	$75L_2$	= 300.
	550mp	+	$175L_1$	+	$175L_2$	= 900.

After the next expanded reproduction process, the 2 groups will be as follows:

1st group:	440mp	+	$110L_1$	+	$110L_2$	= 660.
2nd group:	160mp	+	$80L_1$	+	$80L_2$	= 320.
	660mp	+	$190L_1$	+	$190L_2$	= 980.

The formulae of expanded reproduction will be as follows:

1) The total of 1st mp + L_1 + L_2 should be greater than the 1st mp + 2nd mp.
2) The total of 2nd mp + L_1 + L_2 should be less than the total of 1st L_1, L_2 + 2nd L_1, L_2.
3) The total of 1st L_1,L_2 should be more than the 2nd mp.

These are the formulae, which we have seen, in the capitalist expanded reproduction. It becomes easier to implement the formulae in the 'new society' by means of a collective plan. In no branch of production will arise any problem of excessive production.

17. The problem of 'quantity of money'

One of the many problems that are debated in the economic science is the problem of 'quantity of money' that should be available in the society

The question is not 'what is money?' We have dealt with this question in part 1 of volume 1 itself. Money means 'some product' that exists in society. It is a product that exists in the society. It is a product, which stands as a 'general equivalent'. Silver and gold have been functioning as money-commodities in society since ages. We know all these things. Therefore, it is not a question here. The question is 'How does the quantity money keep growing in the society?:'

The fact that 'commodity' exists in the society implies that 'money'

also exists for their exchange. 'Commodity' itself implies 'product' on the one hand and 'money' on the other hand. In a society where there exist sales and purchases, some quantity of money too would exist.

To make our example simple, let us keep in mind only gold (leaving out silver) as 'money-commodity'. Further, let us suppose that there is only gold-money (not paper money) in circulation. Let us exclusively see gold that is in the form of 'money coins', but not gold ornaments and other gold articles.

Who possesses the quantity of money (gold coins) that is available in society? It is under the possession of the population of society. Some people possess it in large quantity and some people possess it in very small quantity. Some people may not possess even a single coin.

Some money exists under the possession of the State also.

If we take slave-owning society, the quantity of money necessary to circulate the commodities is very little, since the production that converts into 'commodities' is in very small quantity in that society.

Even that quantity of money will be in the hands of the slave-masters and not in the hands of slaves.

If we take feudal society, situation is almost the same there again.

But, if we take capitalist society, workers' too will have some money in their hands since they receive wages in the form of money only.

As the level of production keeps growing in society, the quantity of commodities too keeps increasing. Accordingly, the quantity of money too has to increase in certain measure.

Let us imagine that there is a 'commodity' in the hands of an individual and 'money' in the hands of another individual. Exchange took place between the two. The commodity person 'sold'; money-person 'purchased'. It means that the money functioned as 'means of circulation'. At the same time, such exchanges take place at many places. At all those places, money coins function as means to circulate commodities.

'Functioning as means of circulation' and 'functioning as coin' means the same. Here, 'coin' does not mean 'rupee coin'. When a commodity is purchased and money is given, that money whether it is gold coin or paper note, functioned as 'coin'.

Suppose a person has 10 money with him. Out of that, he kept 4 in his pocket and bought a commodity with 6. The 4 in the pocket is in the phase of temporary 'hoard'. The 6 that purchased the commodity functioned as 'coin' (means of circulation). When the seller of the commodity kept that 6 in his pocket, then it entered the phase of 'hoard'. When the first person buys another commodity with 2 out of 4 from his pocket, his hoard diminished and the portion of the coin increased.

Hoards do not form simultaneously at all the capitalists. When hoard increases at one person, it decreases at another person. If one person is selling, another person buys from him. Money coins keep changing from one person to another.

When a capitalist buys means of production with his 'capital', his money-hoard diminishes and when he sells again a new commodity his money hoard increases. That hoard gets melted during the period of reproduction. Thus, it is a routine but momentary occurrence that some portion of the money relating to 'capital' of each capitalist increases or decreases. If the money-hoard of the capitalist has to increase than in the past, it is possible only through 'surplus value'. Suppose a capitalist got 10 surplus value from a process of production. Out of it, he bought means of subsistence for his family with 8 and retained 2 as money. How did this money-hoard of 2 form? Because, he did not buy any products with that money. This is not old money. It is new money. If he does again and again like this in the subsequent period too, the new money that reaches the hands of the capitalist will keep increasing. It is not possible to accumulate new money from the already functioning 'capital' just as he is able to accumulate new money from the surplus value. It is because he has to spend capital every time for reproduction. It means that the increase of money-hoard of the capitalist takes place only through the surplus value but not through capital.

If the capitalist is hoarding new money, it does not mean that he never uses that money. He uses it too for his needs. Or, if he deposits it in the bank, the bank uses it by way of lending it to others. The borrowers will use it as capital. Therefore, 'hoard' is not something that never functions as money. Whether it is old hoard or new hoard, it too functions like circulation money depending upon its need. Yet, if we take the capitalist class as a whole, some portion of the total money that they

possess will always be in the phase of hoarding. The portion other than that (hoard) becomes circulation money.

If we look at the 'hoard' at the workers, how is it formed? Only that portion of wages, which does not convert into means of subsistence forms as a hoard. Except in the section of higher mental labourers, there won't be any quantity of money with the remaining portion of the working class in the form of hoard. It melts away as and when they get it.

If we consider the entire society, the sum total of money hoarded in all the places capitalists, workers, banks and state-run enterprises plus money in circulation constitute the mass/quantity of money found in society.

Hoarded money + circulating money = quantity of money.

In the chapter 'Circulation of commodities' of part 1 of volume 1, we have seen some points concerning the question 'what should be the minimum quantity of circulating money that a society should have?"

The value of the quantity of money that serves as a 'means of circulation' should be at least equal to the value of the commodities that have to convert into money generally at a given point of time in the society as a whole. If, in the society as a whole, commodities of 100 values have to exchange with money on a given day, then at least a mass of 100 money should be in circulation. If the velocity of those commodities is uniform every day, those 100 coins alone will be useful for the circulation of commodities of 100 value daily. If it happens 10 times like that, it means that those 100 coins served to circulate commodities with a value of $10 \times 100 = 1000$.

The money in circulation in a given country will be enough not only to meet the demands of circulation that takes place simultaneously but also to withstand the fluctuations that arise in the stream of circulation. These fluctuations arise partially from the differences in the 'velocity of circulation' and partially from the function of money as 'means of payment'. The circulation of commodities does always proceed with 'uniform velocity'. Commodities move very rapidly under certain other circumstances and very slowly under certain circumstances. Similarly, when capitalists buy commodities from one another, most part of their transactions cancel each other without need for real money. The quantity

of circulating money is determined by various kinds of conditions as these. Under such circumstances, hoards too some times increase and sometimes diminish. Since these fluctuations occur in the stream of circulation, the already existing hoards will be of some support in certain contexts.

Suppose, gold money alone is in circulation in society. Hoard money, gold money and everything consists of gold coins. Where has all this gold come from? It has been gradually accumulated since the past. The class that earns surplus value accumulates these gold coins (money) from its income.

Suppose, there are gold mines in a country. In order to produce gold from those mines, that country has to spend some means of production and some living labour. Gold will be produced with that expenditure. Or, if there are no gold mines, that country has to buy gold from the foreign capitalist. For that, the 1st country has to give its grain, cloth or other products and get gold. It means, even then, it has to spend something for that gold. Either way it is the same. Every country, for the sake of its 'money-commodity' (for the sake of gold), has to spend necessarily from its social labour.

Leaving aside luxury articles like ornaments, how much gold is required for a country for the purpose of 'money coins'? The amount of gold required should correspond to the gold to compensate the wear and tear of the already circulating money-coins (if gold coins are in circulation).

Further, if products in that country grow in their quantity and if the value to be circulated also increases, the production of gold also should increase correspondingly. All the expenses spent on its production should increase.

Through whom does the circulating money enter into circulation? The initial and superficial answer to this question appears thus: 'that money enters into circulation through that person who comes with money to buy commodities'. Which means, it appears as if some money comes through capitalists and some money through workers. But, in fact, the real initiator for both these kinds of money is the capitalist only. Only after the capitalist pays 'wages', do workers come with money to the commodities. Thus,

capitalist leaves money from his hands for the sake of commodities, which the workers and himself would buy.

With this minimum understanding of 'money', we now move on to the question that we raised in the beginning: 'What is the problem concerning quantity of money?'

An individual capitalist or the class of capitalists takes back more money from circulation than the amount of money that they threw into circulation originally as 'capital', don't it? From where do more number of coins come into circulation in order to withdraw more money, though less money was thrown originally? Even this has been a debatable question among economists.

The economists knew that the capitalist withdraws more money than what he spent as capital (though they did not have a correct understanding of such questions as 'why more money comes and where does it come from?)

Let us discuss this question in more detail.

A capitalist started a production process with 10 capital. 10 money coins from that person. The capitalist throws 10 money into circulation and takes from outside products equal to that value. (The capitalist buys means of production and workers buy means of subsistence). After the completion of the production process, a surplus value of '2' is added to the newly produced commodity. The capitalist leaves that commodity out and takes 12 money from outside. The question is not "how did that commodity, instead of acquiring 10-value, acquire and additional value of 2?" We know how the commodity did acquire more value. The question is not about that 'more value'. The question is "how did 'more money' which is necessary to exchange with 'more value' come into circulation?"

The capitalist initially threw only 10 money, hasn't he? But, if he took back 12 money from circulation, how did that '2 more money' come? This is a question concerning the increasing of money that enters circulation.

If we consider an individual capitalist here, the question appears to be meaningless. It is because, we find in circulation not only the money of this single capitalist but a lot more money, don't we? Then, how does a situation arise, whereby money-coins in the circulation are inadequate

for exchange with the commodities of a capitalist? What is the problem here? We get these doubts.

But, it is not simply the commodities of a single capitalist that have to convert into money, but commodities of all the capitalists have to convert into money. Commodity of each fellow is filled with some surplus value. The amount of money that each fellow throws into circulation will be less and the value of the commodities that he puts into circulation will be more. Therefore, the question, 'will the money of each fellow be enough for exchange with his own commodities?' This question arises not only in the case of only one capitalist but of every capitalist. Therefore, the answer...'there would be a large amount of money in circulation,'...is not relevant.

We can understand the problem relatively easily if we take the whole class, instead of one capitalist. Suppose the total capital that the whole class threw into circulation is 100. With this money, capitalists bought means of production from one another. (They give wages to the workers from that 100 only). Since the amount of money that all the capitalists together spent is 100, the amount that moves in circulation will be the same 100 money. There is no scope for more amount of money than that to be in circulation. (If we take a single capitalist it appears as though there is a lot of money in circulation. But when we take the whole class, we will understand that there isn't more money than what they threw into circulation). Later, new mass of commodities is produced at the work places of all the capitalists. The capitalists sold this mass of commodities to one another. Workers too purchased means of subsistence with their wages. The sale of mass of commodities is over. All the capitalists taken together got '120 money'. The question is 'how did this happen?' It is only '100 money' that is present in circulation, isn't it? How did '120 money' come from there? This question, which is not clear when we take an individual capitalist, will be clear to some extent when we take the entire class.

But, this question appears to be meaningless even if it is clear. It is because we know that, though there is less money in circulation, the same less amount of money functions as means of circulation by exchanging again and again with different commodities. Then, should there be a mass of '120 money' to exchange with the mass of '120 commodities'? Why? The '100 money' that is present in circulation, that is less amount of

money itself, moves again and again in circulation and can convert the mass of '120 commodities' as money, doesn't it? What is the problem even now? There arises such a question as this.

Moreover, another question will also be ready to pounce on us. The question is, 'why do we need an additional money specially to exchange with the surplus value present in the commodity?' Suppose the value of a commodity is 5. If the purchaser of that commodity pays '5 money' to its seller, it amounts to the fact that he has also paid for the surplus value present in the commodity. There is no need to specially pay more money for the sake of surplus value. If a capitalist buys some commodities from another capitalist for the sake of means of production or self-maintenance and pays their value, it amounts to the fact that he has paid towards the portions of **s** present in those commodities. Similarly, workers too, when they buy their means of subsistence, pay off for the portions of **s** present in the values of those products. "Then why such a question as 'will the less quantity of money, present in the circulation, be enough to exchange with **s** portion of the mass of commodities'?" This question too will catch us.

Yes, it is true that less amount of money alone moves again and again and exchanges with many commodities. It is also true that when some money is paid for a commodity (when a commodity is purchased), it amounts to the fact that **s** portion of the commodity too has been paid for. Despite the fact that these 2 things occur, the question..."Is mass of money enough to move in circulation?" cannot be meaningless.

In fact, a huge mass of money is not necessary to exchange with a huge mass of commodities. That function will be carried out with a very smaller mass of money only. That smaller mass of money moves again and again and converts every new mass of commodities into money. Only if we know how this takes place, will we understand properly the question, "where is the money for exchanging with s?"

Suppose the entire capitalist class has thrown '80c+20v=100 money' into circulation. It takes, let us say, '1 week' to produce the new commodity, to sell it and to get back the capital. Let us leave out the issue of **s**. Let us first discuss only the issue of capital. A week has passed. Production as well as sale of the commodities has come to an end. The capitalist got back the '80 money' that he spent on **c**. The '20 money'

spent on **v** too first went into the hands of the workers, then to the capitalist of the means of subsistence and along that route has come back. It means that the '100 money coins' that the capitalist class threw into circulation a week ago comes back into their hands. They will once again throw that 100 money into circulation for a new reproduction in the 2nd week. That money will come back again by the end of the 2nd week. In this manner, the same '100 money coins' will move in circulation once in a week and exchange with a new mass of commodities every week. Where is the money of more than 100 in circulation in any week here? Suppose '20 s' is present in each new mass of commodities produced once in a week. Where is more amount of money in that circulation so as to exchange with s portion? How will the answer ... 'less money alone moves again and again and converts any number of commodities into money'...be adequate in this example? Here, 'less amount of money means '100 money' only. 'Moving again and again' means moving once in a week. How can this '100 money' convert 120 commodities into money?

This '100 money' moves 4 times in a month at the rate of one time per week. This is what 'moving again and again' means. By then, 100 money converts into money the commodities produced by means of '400 capital'. If this money need not move again and again but has to exchange with commodities only once in a month, then 400 money per month is needed. The capitalist class has thrown, let us say, 400 capital into circulation per month. The mass of commodities made of that capital includes '80s'. Where is the money, more than 400, in circulation so as to exchange with that s? Whether we take 1 week or 1 month, we don't find in circulation, in this example, the amount of money that is enough to exchange with **s**.

When we say that 'less amount of money moves again and again and converts the huge mass of commodities into money', that 'less money' too is subjected to certain rules. The money that moves in circulation will have to be in a 'certain minimum quantity' depending upon the following factors: What is the periodicity with which a commodity is produced? Which means, what is its 'production period'? How much capital is thrown into circulation? What is the value of the mass of commodities produced? What is the period within which that mass should be sold, etc.,? If the mass of money does not exist in such a quantity and if it exists in a lesser quantity, it is not possible to convert that mass of commodities by means

of that quantity of money within the prescribed period of time. Conversion of commodities into money does not mean carrying out a task in 2 weeks instead of 1 week.

Let us say that a mass of commodities of 10 value has to convert into money 'at a single time'. To do this, there must be a mass of money of 10 value in circulation. If there is only '8 money', the rule that 'moving again and again' does not apply there. Or, a credit system (system of paying money later) applies. But, if money has to be paid for those loans at a later time, then money will be needed in a much more quantity than the minimum quantity.

While buying commodities, the Capitalist class and the Working class do so simultaneously and independently of one another for the sake of their respective needs. All should have money-coins in their hands simultaneously.

What is 'simultaneity'? Let us take that duration as 'one day' or 'one week'. Suppose 10 money is required for the exchange of 10commodities in that duration. It means that each coin in that money moves once within that duration. If a coin does not move even once, then another coin performs its function. It means, another coin moves twice within that duration. If a coin does not move even once, then another coin performs its function. It means, another coin moves twice within that duration. While some coins do not move at all, some coins may exchange with commodities for 5 or 6 times. But, if we calculate all the movements of the money, it will be clear that each coin has moved once. We leave out all these details and in order to make the example simple, we say that 'money should correspond to the commodities that have to convert simultaneously'.

The laws, which prescribe the 'mass of money' that should be available in circulation so as to enable a mass of commodities of a certain value to be circulated at a prescribed time, apply to all societies uniformly. Whether or not surplus value is present in a mass of commodities and whether or not that mass has been produced capitalistically, the mass of money depends upon the mass of commodities that have to be circulated. This rule does not change in any society.

However, the point that we have to see here is different.

The question, which we have seen at the beginning, does not arise

if there is no surplus value in commodity. That question was, 'how is the lesser money in circulation enough to convert surplus value into money?'

Answer to this question is very easy if it is in the case of simple reproduction. We have to face some difficulty only in the case of 'expanded reproduction'.

1) In 'Simple Reproduction'

Suppose the entire example is related to a single day. Money exchanges with the commodity only once in a day.

The capital that the capitalist class threw into circulation is '80c+20v=100'. The value of new mass of commodities '80c+20v+20s=120'. Though the capital-money is only '100', here it is possible to withdraw 120 money easily. This is how it is possible: It is not simply '100 money' that the capitalist class threw into circulation. It is connected with 'capital' only. Besides that, that class threw another 20 money also into circulation. We have not seen about it. It (that class) threw that 20 money during the period in which production process was being carried out with '100 capital'. It threw it for the sake of its own means of subsistence. Will the capitalist class remain starving or eating grass until it gets new surplus value from the production process that is now carried out with '100 capital'? Let us suppose that the capitalist class spent 20 money on its means of subsistence from the time of investing capital till it got '20s' from that capital. (We say that 'it spent 20 money on its maintenance' because this is simple reproduction. Here, every time the entire surplus value is exhausted for the sake of maintenance only. Since, surplus value is 20 here, we assume that it is 20, which has been spent on the maintenance of the capitalist class). Which means, this class threw a total of 120 money into circulation; not simply 100. Later, commodities of 120 value are produced under that class. When it is sold, 120 money is readily available in the circulation in order to exchange with the commodities. Commodities that have to be converted into money and the money in circulation are equal. The commodities will convert into money without any obstacles.

After taking back 100 capital from 120 that it receives after the sale of mass of commodities, the Capitalist class invests it (100 capital) as a new capital again for reproduction. It uses 20 surplus value that it has at hand to buy articles of consumption for its own maintenance. In this

manner, it throws again '100+20=120 money' into circulation. The same thing happens each time.

Leaving aside for a while the question of 'mass of money', let us see another point. The 20 money that the capitalist class spends on its own maintenance appears to be its own money. But it is nothing but surplus value that comes every time from the previous process of production.

Or, let us suppose that a capitalist is using his own money for his maintenance is the initial stage when he started his industry afresh and until he gets surplus value. Though it happens like this in the beginning, he would get back his money as soon as he gets surplus value.

Suppose we purchased some article from a shop with '2 money'. The article comes into our hands. Money goes away. That money will never be our money again. But, suppose the shop-person gives that 2 money back to us. If it happens so, it means that we got the article free. Or, that 2 money has come to us free.

Similarly, the Capitalist Class gets back the money with which it buys every time its means of subsistence. It means that it is receiving all those articles every time free. Therefore, though it appears that the Capitalist class is using its own money for its maintenance, it is not true. It is simply the surplus value that comes from the commodity.

Let us again come back to the question of 'mass of money'.

In the example of 'Simple Reproduction', the Capitalist Class uses the entire **s** every time for its maintenance. It throws into circulation not only 100 capital but also money that is equivalent to '20s'. Which means, the money (120) that this class throws initially into circulation and the new commodity that it throws later will always be equal. Therefore, here, there won't be a problem such as: 'how is it possible to take more money from the circulation?'

2) In the 'Expanded Reproduction'

Let us suppose that this example is related to only one day.

The value of a mass of commodities of one day is '80c+20v+20s=120'. Suppose that 'expanded reproduction' has to take place with such a mass of commodities. How much money does the Capitalist class throw into circulation for the sake of reproduction? Does

it put a total of 120 money: 100 as capital and 20 as self-maintenance (because surplus value is 20)? No. Here, our calculation should not be like that. This is an example of 'Expanded Reproduction'. Here, the Capitalist class does not use the entire **s** for its maintenance. It uses only some portion on its maintenance and converts the remaining portion into new capital. Therefore, here, we should not assume that it put 20 money into circulation for its maintenance. Let us suppose that it uses only 10 out of '20s' for itself maintenance and the remaining 10 for the sake of new capital. If we take such an example, how much money has to be put into circulation while reproduction is carried on? How much value will the newly produced mass of commodities acquire? (We have to assume rate of surplus value as 100%).

Old capital	80c	+ 20v	=	100.
New capital	8c	+ 2v	=	10.
Total capital	88c	+ 22v	=	110.

The total amount of money that the Capitalist class puts into circulation for the sake of the reproduction process is 120: 110 as capital and 10 for self-maintenance.

The new mass of commodities is '88c+22v+22s=132'. It means while the total money (including the portion of self-maintenance) that the Capitalist class puts into circulation is 120, the new commodity is 132. Why this difference here that was not there in the 'simple reproduction'? It is so because the value that the Capitalist class uses for its maintenance and the surplus value that is produced subsequently will not be equal. The value of the newly produced surplus value will invariably be higher than the value of means of subsistence. Hence, it becomes 'expanded reproduction'. While the value that the Capitalist class used for its maintenance in this example is 10, the surplus value that is produced newly in the subsequently carried out. Expanded reproduction is 22. The difference is 12. This is how things happen invariably in expanded reproduction.

Compared to the money (this is 120) that the Capitalist class puts into circulation, the value of the commodity (this is 132) that this class puts subsequently will invariably be higher. Here the question is, 'how is it possible to convert 132 commodity into money with 120 money at a

single time? Thus the question of mass of money that was not there in 'Simple reproduction' will arise in Expanded reproduction.

The solution for this is: entry of 'new money' into circulation. Which means, the minimum quantity of mass of money' that moves in circulation should increase compared to the past.

In the beginning, it may so happen that we may use the available circulating money itself by observing economy (by means of such methods as settling the accounts without the need for money). When this is not enough, then the money in circulation has to increase.

'New money' means new gold coins. Hence, we have to go to the branch of gold production.

We know that gold is a money-commodity. It is also like grain and cloth. We have to produce it every year: both for compensating the wear and tear in the old money and to increase the mass of money.

Within the Capitalist class, gold production constitutes a specific branch. (Silver is another specific branch). Just as all the metals come under the group of means of production, production of gold and silver also comes under the 1st group.

Just as the values of ordinary commodities like grain, cloth etc., contain surplus value, the value of gold too contain surplus value.

In the circulation of ordinary commodities, capitalists put initially less amount of money and later put commodities (filled with **s**) of higher value. Similarly, capitalists of gold branch throw less amount of money into circulation and later put commodities (filled with **s**) with higher value.

In other words, the products that the capitalists put into circulation will have higher value than the products that they take out from the circulation.

Suppose the production in the gold branch in a given year is 30. It is, let us say, '20c + 5v + 5s'. All this production will be in the form of lump of a gold. The value of this production includes the previous value of '20c+5v=25'. Only 5s is the new value. This is a surplus production in gold. The 25 money, initially put by the gold capitalist in the circulation for the sake of gold of 30 value, is only a part of the already existing previous money supply. While this is so, new reproduction took place in

the gold branch and new gold is produced. The 5 surplus production in it will be useful as new money supply.

The entire portion of '20c' of the gold of 30 value exchanges among the capitalists with the 1st group only. The portions of '5v+5s' exchange with the 2nd group.

If the capitalists want to convert into money the new production produced in the branches of ordinary commodities like grain and cloth, they have to sell that production.

But if they want to convert into money (or to convert into gold coins) the gold produced in the gold branch it is not necessary to sell the lump of gold. It is enough to change that gold lump into coins. That itself will be money. This does not mean that the gold capitalist converts his entire lump of gold into coins. But there will be a scope for a new money supply to some extent when exchanges between the gold branch and other branches of the 1st and 2nd groups take place. (We are not discussing the point further than this here to make our example simple. For more details, one can see the section on 'Reproduction of Money Material' in the chapter on 'Simple Reproduction', in volume 2 of Marx's 'Capital'.)

The capitalist economists give superficial answers to the question, 'how does the mass of money in society keep increasing?' The kinds of explanations that they give are as follows: 'The money of any capitalist will increase if he hoards some portion of the money that he gets after selling his commodity. This is how the total mass of money in society increases'.

But this explanation is wrong. If capitalists do so, the previously existing money in society may form as new hoards at different places. But, the total mass of money does not rise due to this. When we speak of 'increase of the mass of money', it means not the increase of the mass of money of an individual capitalist. We have to examine the increase in the total mass of money. The question is, 'how does this happen?' It happens only when new money is added to the already existing total mass.

Let us see some quotations from Marx (volume 2 of 'Capital') concerning the increase of mass of money.

> "The additional money required for the circulation of this greater quantity of commodities of greater value must be secured either by

greater economy in the use of the circulating quantity of money—whether by balancing the payments, etc., by measures which accelerate the circulation of the same coins—or by the transformation of money from the form of a hoard into that of a circulating medium...It also implies that the stagnating reserve funds of coins are economised...When all these measures do not suffice, additional gold must be produced..." (pp.349-50)

"With the exception of the distribution of additional precious metals among the members of the capitalist class, accumulation in the form of money never takes place simultaneously at all points."(pp.353-4)

"...the difficulty arises when we assume not an individual but a general accumulation of money-capital on the part of the capitalist class." (p.352)

"Apart from the case in which this universal accumulation of money expresses nothing but the distribution of the precious metal additionally introduced, in whatever proportion, among the various individual capitalists, how is the entire capitalist class then supposed to accumulate money?" (pp.352-3)

"...the surplus value produced in commodity-form will find in the circulation process money for its conversion into money for the simple reason that on the other side surplus value is annually produced in the form of gold." (p.342)

"...according to our assumption, the entire annual production of gold—which continually withdraws labour-power and materials of production, but no money, from the market, while continuously adding fresh quantities of money to it—merely replaces the money worn out during the year, hence only keeps intact the quantity of social money which exists constantly, although in varying portions, in the two forms of hoarded money and money in circulation." (p.333)

"Only in the production of gold—inasmuch as the gold product contains a surplus-product, a depository of surplus value—is new wealth (potential money) created, and it increases the money material of new potential money-capitals only so far as the entire money-product enters into circulation." (p.495)

> "...the quantity of money which circulates the annual product, exists in society, having been gradually accumulated. It does not belong to the value produced during the given year, except perhaps the gold used to make good the loss of depreciated coins." (p.482)

We may understand this increase in the mass of money by comparing it with the increase in the mass of means of production.

If we consider 'means of production', either their quantity or their value is not connected with any one particular year. It is the value that has been accumulated gradually, beginning from the primitive times to the present day. The same is the case with the 'mass of money'.

When 'paper money' began in society, it was the responsibility of the State to release paper notes. Individuals do not have the right to do that function. The state has to increase the mass of paper money periodically. In that case, it has to raise the mass of gold that has to support the paper money. The law can decide the amount of gold that should stand behind '1 paper note' in any manner. Here the question of that proportion is not necessary. Whatever be that proportion the mass of gold should be raised if paper money has to be raised. It means that, even when paper notes are in circulation, increase in the mass of money implies increase in the mass of gold. That increasing gold ought to come, any or every time, from the new annual production.

After the 'paper money' began in addition to the problem of amount of money that should be there in circulation, another problem of addition of new money also begins. The problem of the 'mass of money' too arises mainly due to the nature of 'mode of production'. Under capitalism, when there is no proper calculation with regard to the total value of the commodities produced, there won't be a proper calculation with regard to the quantity of means of circulation required. Like all other aspects of this mode of production, this aspect also exists in the most haphazard manner.

Concerning the paper money, we will examine in detail in the last volume, where we discuss the 'Central Bank' in the chapter on 'Interest-bearing Capital'.

While understanding 'money', we should not mix different aspects of it.

There will be mainly three types of questions concerning 'money'.

1) The first and foremost question is, 'what does money mean?' Money means one of the many articles that are found in society. Or, it (money) is a product that has an exclusive right of being a 'general equivalent' that can exchange with all the products of society. This, we have discussed in great detail in part 1 of volume 1.

2) How does a capitalist get 'more money' with 'less money'? This is the second question. He gets it from the 'surplus labour' of the productive workers only. This, we have examines in greater detail in chapter on 'Profit' in part 2 of volume 1.

3) How does 'mass of money' in circulation keep increasing? The mass of money keeps increasing by means of conversion of newly produced gold into money. This, we have discussed briefly in this chapter itself.

One of the conditions necessary for the development of Capitalist Mode of Production at an appropriate level is the production of gold and silver that function as 'means of circulation' at an appropriate level.

The production of gold and silver rose since sixteenth century owing to the discovery of new mines of gold and silver in the world. Let the production of those metals take place any place in the world, it makes no difference. Countries that need those metals give some portion of their products and buy them. Possession of adequate number of precious metals to function as 'means of circulation' and hoarding some portion of it contributed historically to the development of capitalism. This does not mean that adequate means of circulation is formed first in society and only then capitalism emerges. These two things occur simultaneously. Either capitalist production or any other historical phenomenon develops itself while developing necessary conditions.

Questions:

1. A capital consists of 800. Its constant and variable proportions are 3:1. Rate of surplus value is 200%. Process of production takes place once in a week. This is Simple Reproduction. How much time does it take for the capitalist to use the value that is equivalent to this capital?

2. Do you know how many years ago and with how much capital did the industry in which you work begin? To what extent did the capital and the number of workers rose since the beginning of the industry till today?
3. Show the growth of capital in four consecutive years. Take the proportions of capital and rate of surplus value as you like.
4. In a capital, constant is 2,500. Variable is 500. The daily wage of each worker is 8. What is the value of means of production with which a single worker works?
5. How can we say that capitalist production process reproduces 'class relations' also?
6. A country has a population of 1,20,35,170 people. By the end of a year 256 people die and 880 infants are born. What is the rate of population growth?
7. Which of the following articles did not exist about a 100 years ago? Garments, radio, pen, shoes, watch, gun, fan, cinema, sugar, house, train, electricity.
8. Among the capitalists that you know, are there persons who started only one 'industry' first and expanded to four or five kinds of industries?
9. Do you know persons who lived as workers for some time and later turned into capitalists? What about persons who lived like capitalists and turned into workers?
10. It is the Capitalist class alone that decides the life-style of the Working class. Give some examples to explain this.
11. In small-size towns very poor people like beggars alone live on the pavements. But in bigger cities like Bombay, even the industrial workers live on pavements. Write some of your experiences and give these kinds of examples concerning the housing problem.
12. The value of a commodity is 5. It includes a surplus value of 2. How much money is needed to exchange with that commodity: 5 money or 7 money?
13. If that commodity belongs to an independent producer, how much money is needed to exchange with it?

14. The articles used by exploiting class are very expensive. Why?
15. A capitalist bought cotton of 100 value and put that money into the 'market'. 'Market' means where did that money go? Another capitalist sold garments of 80 value and took that money from the market. 'From the market' means...where did he take that money?
16. When people speak of 'over-population', what is the meaning of the word 'over'? When will a given population ...the number of people...not become 'over'?
17. Special suggestion to the Artists: Draw 'spiral' and 'circular' forms. Write the word 'Capitalist Mode of Production' under the 'spiral form' and 'New Mode of Production' under the 'circular form'.

●

Part 2

Process of Capitalist Circulation

Chapter 1

Costs of circulation

We are now coming to the activity of selling the produced 'production'.

A commodity that is produced at a 'place of production' passes through certain phases and reaches the consumers.

'Consumer' means, the person who 'uses' that commodity: irrespective of whether he uses it 'productively' or 'unproductively'. Workers use the products for their personal needs only. But, the capitalists use them for the productive needs, unproductive needs and personal needs as well.

The person who buys commodities and in turn sells them will not be the 'consumer' of that commodity. He will become a 'trader'. Therefore, consumer means, the person who uses the commodity.

However, a commodity reaches the consumers only after passing through some more phases subsequent to its production.

Some phases occur after the 'process of production': packing of the produced commodity, keeping it in the store, maintaining the accounts (book keeping), advertising about it, corresponding with the purchasers, sending it by transport and finally selling it.

But, all these phases are not indispensable for the production to go into consumption. Only some of these phases are 'naturally' required. Some phases are not required naturally. But, under capitalism all these phases remain indispensable.

Suppose the value of 100 metres of cloth, while coming out of the production place, is 120. If the commodity owner sells at the same moment and at the same place, he could sell it for 120 only. But, if he keeps it in a storehouse for some hours or some days, some 'store-expenses' are added to it. Due to this addition, the value of the cloth will rise above 120. If the owner wants to sell the cloth then, he has to sell it at the increased value only. If the owner sends that cloth from one place to another, some 'transport' charges too are added to it. Then, its value increases a little further. If he wants to sell it then, he has to sell it at that further-increased value only.

Before production of a commodity one has to get means of production such as 'raw materials' etc., to the production place. The activity of producing a commodity begins with the 'stage of circulation' involving the 'purchase' of means of production. All those means of production come to the production place from many places. Later, new commodity will be produced in that production place. The produced commodity has to be taken out and sold. The entire activity will be over with the 'second stage of circulation' involving the delivery of the produced commodity from production place to the consumer. Thus, stages of circulation precede as well as follow the process of production. Certain expenses are incurred in both the circulation stages. Here, to make our example simple, we may combine the 2 circulation stages concerning a commodity and call it 'circulation stage/process/period'. Expenses spent

in the circulation stage are 'costs of circulation'. Of these expenses, only 'natural' expenses increase the value of the commodity. All the unnatural expenses spent during this stage will leave out of the surplus value that enter into the commodity during its production.

The value of a commodity, by the time it reaches the hands of the consumer, will be the sum total of natural expenses that were spent in the 'production stage' and 'natural expenses' that were spent in the 'circulation stage'. It is this 'total value' that the consumers have to pay.

The consumer has to pay the entire value of the commodity irrespective of the fact whether he/she is a worker or a capitalist, whether he/she bought it for 'personal' consumption or 'productive' consumption; that is, irrespective of the purchaser and the purpose.

We will see at length in this chapter itself as to what expenses of the 'circulation stage' are 'natural' and what are 'unnatural'. Of these expenses, we have to first see expenses connected with activities of 'buying' and 'selling'. If we understand this point first, we can understand the remaining points easily.

We may combine the 2 words 'buying' and 'selling' and refer them with a single word 'exchange'.

1. Do expenses connected with 'exchange' add to the value of the commodity?

The cloth capitalist always gets cloth produced. For that, he organises the activity of 'buying' the means of production on the one hand and activity of 'selling' the produced cloth on the other hand. These activities of buying and selling too involve some 'expenses'. The cloth-capitalist may get this work of 'buying' and 'selling' by his 'employees' who are specially employed for that work. Or, he may leave that work to the 'traders'. Then, even the workers have to get that work done by their employees. Whoever does that work, all the things connected with that work would be the same. To make our example simple, let us say that the cloth-capitalist is making his employees do this work.

To carry on the work of either 'buying' or 'selling' there should be some arrangements. If we take the work of 'selling', there should be a 'shop' that serves as a 'place of selling'. It should have some means like

tables, almirahs, chairs, papers, envelops, meter scales, bill books etc. Moreover, there should be some persons to do the work of selling. Those people should have some means of subsistence (whether or not these people are engaged in selling work, they should have some means of subsistence. However, if those persons are engaged in the work of selling, the expenditure of their maintenance goes into the 'expenditure connected with sale'. If the same people are engaged in another work, the expenditure of their means of subsistence will go into the expenditure connected with that 'another' work).

Rent of the shop, expenditure connected with the wear and tear of the 'means', the living labour of the employees (not only the portion of their wages, but the 'entire labour' that they perform)...all these things taken together constitute the total expenditure connected with the work of selling. (The sum total of dead and living labours). Only if these things are expended, the work of selling takes place.

Similarly, every time some expenditure is incurred on the work of 'buying' means of production at the beginning.

The cloth-capitalist gets, let us say, a 100 metres of cloth produced every day. Which means, he has to keep on buying raw materials etc., necessary to produce 100 metres of cloth every day. Similarly, he has to go on selling 100 metres of cloth every day. Suppose, the total expenditure spent on the work of buying and selling connected with that 100 metres of cloth is Rs.2. In other words, the expenditure of 'exchange' connected with the 100 metres of cloth is Rs.2.

Suppose that the value of the 100 metres of cloth connected simply with its 'production stage' is Rs.120. The expenses of exchange spent before and after the production stage is Rs.2. Now, will the exchange expenses of Rs.2 add to 120 and the value of the cloth thereby becomes a total of 122? Or, does 120 that stand as the value of the cloth include the exchange-expenditure? Will the exchange expenditure add at all to the value of commodity and raise it? If it does not raise, how will the owner of the commodity meet the exchange-expenditure?

Here the correct answer according to the 'theory of labour value' is that exchange-expenditure adds to the value of the commodity. It does not raise the commodity-value. But, the commodity-owner should bear the exchange-expenditure too from the commodity value.

Expenses necessary to produce an article and the expenses spent in connection with the bodily-from of the article though they do not bring about a change in the body of the article once it is produced these expenses alone are 'naturally' required expenses connected with the article. If we consider that article as a 'commodity', those 'natural expenses' alone constitute the 'value' of that commodity.

All the exchange-expenses are 'unnatural' expenses.

'Buying' means 'giving money and taking commodity'. Converting **M** into **C**. 'Selling' means 'giving commodity and taking money'. Converting **C** into **M**. Either at the time of buying or at the time of selling, the body of the commodity will not have any 'natural' relationship with those activities of 'buying' and 'selling'. But, certain expenses connected with those activities are inevitable. All those expenses are wasteful expenses.

An article will be useful in the same way whether activities of 'sale' and 'purchase' take place with reference to this article. Just as an exchanged article is useful, so also an un-exchanged article is useful. Which means, an exchange need not take place in order to use an article! When it is possible to use an article without an exchange, spending some labour on exchange activity amounts to the fact that the whole labour in the society is being wasted unnecessarily.

If we use a produced article without an exchange, that article will be available for use without spending anything on exchange. Instead of that, if we use articles by means of exchanges (that is, if we undertake buying and selling activities), the society has to bear wastefully all the expenses connected with exchange.

'Exchange' is something that has no natural connection with the body of the article. It is simply a 'social' phenomenon. The existence or non-existence of exchanges of products in a given society depends upon the mode in which it is organised (that is, the sort of production relations among the human beings in the society).

In the 'ancient, primitive societies', there were no exchanges between the articles produced by the members of the 'same tribe'. Those producers use articles without exchanges.

The basis for the exchange between two different tribes is the fact that the two tribes do not constitute the single tribe.

There is no scope for people to produce collectively and to use the products collectively in the system of 'private property'. In such a situation, if people want to take articles from each other, they have to do it by means of 'exchanges' only.

In any society where the production relations are not collective in nature, there will not be any way other than 'exchanges' for distributing the products (for using the products without exchanges).

For those societies where 'exchanges' are indispensable, 'exchange-related expenditure' too is indispensable. Those societies should inevitably bear that wasteful expenditure. It means that, out of the total production created in those societies, some portion of the production is always spent on the exchange work. After deduction of that expenditure, the remaining products will be available for real consumption.

If we take a commodity-owner (whether he is a capitalist or independent producer; here let us keep in view a capitalist), that person has to spend from some portion of his commodity on the exchange expenditure connected with his commodity. It means, that person, while spending some portion of his commodity on the exchange-work, is able to convert that commodity into money and money into commodity.

For example, the value of 100 metres of cloth is 120. It contains 20 surplus value. The exchange expenditure on that cloth is 2. If exchange-expenditure too is a natural expenditure like that of 'yarn', even this expenditure too goes to the value of the cloth and it should become 120+2=122. But, it does not enter into the value of the cloth since exchange expenditure is not a natural one. It follows that, in this example, whether the exchange expenditure connected with the cloth is 2 or 10, the value of the cloth remains to be 120 irrespective of that expenditure. Since that 120 includes 20 surplus value, he has to bear the exchange expenditure from that surplus value only.

If the capitalist buys means of production like yarn etc., to produce cloth, he has to bear the expenditure connected with the work of buying of means of production from the value (surplus value) of the cloth, which is produced by made of the 'means of production' that he purchased.

Similarly, he has to bear the expenditure connected with the work of 'selling' too from the surplus value of that commodity. Which means, exchange expenditure of any commodity has to be paid from the surplus value.

The commodity owner does not raise such questions as' Is exchange expenditure natural or not? Does exchange expenditure add to the value of commodity or not?' The fellow, in fact, does not know these things at all.

Let us first keep in mind the capitalist. Later, we can understand aspects of 'independent producer' easily.

In the view of the capitalist, buying and selling are indispensable activities. Therefore, the expenses connected with those activities too appear to him as indispensable. To his mind, the exchange-expenses of each commodity appear to be the genuine expenses spent on that commodity. The capitalist thinks that exchange expenses of each commodity will necessarily enter into the value of that commodity. Just as the addition of the expenditure of yarn to the value of the cloth appears to be necessary, so also the addition of the expenditure of exchange to the value of the cloth appears to be necessary.

After commodity is produced and while fixing its 'value' by calculating the expenses, the capitalist adds the exchange expenses on an average to the value and calculates accordingly.

In the chapter on 'profit' in volume 1, we have seen at great length as to how the capitalist calculates the value of 100 metres of cloth. Among the elements of the value of cloth, there is an item called 'commercial commission 5'. It is exchange expenditure. The cloth capitalist adds 5 value in the name of 'commission' to the expenses spent on the cloth irrespective of whether or not he gives it to the trader. According to the calculation of the capitalist, the value of the cloth become 120 only after adding interest, land rent, productive profit, commercial commission, taxes etc., along with the means of production and wages.

Let us here see, specially, about '5 value' that is under the name of 'commercial commission'. What happens if the cloth-capitalist assigns to the trader the exchange activities concerning the cloth? Or, what happens if the capitalist himself undertakes them? Here, let us see these points briefly.

'Undertaking of exchange activities by the trader' implies that the trader has to undertake the work of buying means of production necessary for the cloth-capitalist and the work of 'selling' the cloth as well. In that case, the cloth-capitalist would give to the trader the cloth of 120 value at 115 only. The trader sells it at 120 and takes '5 value' out of it as his 'commission'. The trader has to pay 'exchange expenses' out of this commission. Since we took the exchange expenses as '2', these 2 will be spent from the '5 commission'. The trader cannot avoid spending this expenditure. After deducting 2 from the '5 commission', 3 remains. This will be the 'profit' of the trader. This is the 'commercial profit' that comes from the 100 metres of cloth. The amount of the exchange expenses that are spent on the cloth and the commercial profit that is derived from the cloth will be as big as the quantity of the cloth.

If the capitalist himself gets exchange activities done by his own employees, even then the exchange expenses for 100 metres of cloth will be 2. The capitalists also cannot avoid this expenditure. After deducting this expenditure, the 3 remains as 'commercial profit' and will come to the capitalist.

Any way, essence is the same. Whoever organises the exchange activities, they have to incur some expenditure. As these expenses do not add to the value of the commodity, they have to be paid from the surplus value of the commodity.

While fixing the value of the commodity, the capitalist does not add this item under the label 'exchange expenses'. This item is merged with 'commission'. That is, **exchange expenditure + commercial profit = commercial commission.** Thus, the exchange expenditure merges with the 'commercial commission' and the entire commission is added to the value of cloth. This is the method of calculation of the capitalist.

But in the actual fact, the value of the commodity does not contain any other element except the value of means of production and the value of living labour. Suppose the internal components of the '120 value' of the 100 metres of cloth, are 80c+20v+20s. 20c and 20s together is 40. This is related to 'living labour'. Therefore, in the value of the commodity, there will be nothing else other than the value of means of production and the value of living labour. It means that it does not include interest, land rent, productive profit, commercial commission, taxes, exchange-

related expenditure etc. Since the commodity contains 'surplus value', it will be distributed under all kinds of names. In this example 'exchange expenditure' should be spent from the surplus value of commodity.

However, there is a difference between the interest, rent, profit and other items that come from 'surplus value' on the one hand and exchange expenditure on the other. In fact, no expenses are spent on them. Whoever receives interest (whether it is a productive capitalist or the money capitalist), he won't spend anything for it. Some portion out of the surplus value comes under the name of 'interest' and falls into the pocket of the person who is the owner of the money. Similarly, 'land rent' falls in the pocket of the landlord and profit falls in the pocket of productive capitalist. But such a thing does not happen in the case of 'exchange expenditure'. The portion connected with this expenditure that goes from the surplus value will not fall in anybody's pocket. It has to be spent on the exchange activities connected with that commodity. That expenditure is something, which the spender necessarily loses. If we assume that there is 20 surplus value in the 100 metres of cloth and its exchange expenditure is 2, the surplus value that remains will be 18. It means that a portion of 2 from the surplus value will not go either to the capitalist or the trader. It is spent on the exchange activities only. The fact 'that 2 are spent on the exchange activities of the 100 metres of cloth' means that a piece of cloth (having a value of 2) from that 100 metres of cloth is being spent on exchange activities. Same thing happens in the case of every commodity. If we are able to use articles without exchanges, no products need be spent on the exchange activities.

But, in a society where 'exchanges' are inevitable, we have to spend some products wastefully for such activities.

Let us see some examples to understand these things in a clearer manner.

What does 'exchange expenditure' connected with a commodity (cloth) mean? Exchange expenditure is the sum total of expenses spent on the activity of 'buying' means of production necessary for that commodity (cloth) and expenses spent on the activity of 'selling' the new commodity made of the means of production. It (the exchange expenditure) is part of the surplus value of that commodity.

If we consider the commodity called yarn, what is its exchange

expenditure? (1) The expenses spent on the activity of 'buying' the means of production before the production of yarn, (2) the expenses spent on the activity of 'selling' the 'yarn' after it is produced. These 2 items taken together constitute exchange expenditure. It is the total exchange expenditure connected with the yarn. It is part of the surplus value of the yarn.

Either while 'buying' means of production or while 'selling' the newly produced commodity, we find a 'buyer' on one side and a 'seller' on another side.

If a person is 'selling' a commodity,
it means another person is 'buying' it.
Some exchange expenditure is spent on 'selling'.
Some exchange expenditure is spent on 'buying'.

Expenses connected with the shop and the expenses connected with the living labour are included in the exchange expenditure of 'selling'.

A person has to go to a shop for the purpose of 'buying'. There he has to 'talk' to the sellers. He has to spend 'some time' for this 'conversation'. 'Some time' means some labour-time. The buying activity is possible only if the labour-time is spent like this. But expenditure connected with buying will be very much lesser than that of selling.

Expenses connected with 'buying' and 'selling' do not enter into the 'value' of the commodity. They don't increase the value.

If we take 'cotton', its 'selling' expenses belong to its 'surplus value'; and its (cotton's) 'buying' expenses belong to the surplus value of the new commodity that will be produced.

Suppose 'yarn' is produced with 'cotton'. It means that the expenditure of 'selling' cotton belongs to the **s** of cotton and the expenditure of 'buying' cotton belongs to the **s** of the 'yarn'.

Let us consider 3 commodities, namely, cotton, yarn and cloth.

1. If we consider 'cotton', both exchange expenditure connected with buying **C** necessary for the cotton and the exchange expenditure connected with selling cotton are from the **s** of the cotton.

2. If we consider 'yarn', both the exchange expenditure of buying

cotton for making yarn and the exchange expenditure of selling yarn are part of the **s** of the yarn.

3. If we consider 'cloth', both the exchange expenditure of buying yarn necessary for making cloth and the exchange expenditure of selling are part of the **s** of the cloth.

It is the same case with the exchange of any commodity.

Suppose 'cloth-capitalist' buys a commodity (e.g., rice) for personal (family) consumption instead of 'productive' consumption. The value of rice is Rs.10. The exchange expenditure of buying rice is Rs.2. This exchange expenditure does not add to the value of the rice. The capitalist has to bear this exchange expenditure from **s** of the new commodity that would be produced (here it is 'cooked rice'). However, cooked rice is not sold outside in this example. Its 'surplus labour' does not convert into money. Therefore, the capitalist has to take out some thing from his 'income' and spend it on the value of the rice and the exchange expenditure of buying rice. That is, from the **s** obtained by producing and selling the cloth.

Suppose, a 'chairs-capitalist' bought some yarn for his 'household consumption'. Both the value of the yarn and the exchange expenditure of buying yarn are from the income of the chairs-capitalist. That income is a part of the surplus value obtained from the chairs.

Similarly, if a worker buys that yarn for his 'household consumption', which part does the exchange expenditure of buying belong to? The worker, in order to buy any 'means of subsistence', has to spend some 'time' for the activity of buying. That labour does not convert into 'value' for the worker. Some part of the workers' time goes wastefully in connection with the means of subsistence. It (the time) is not part of the 'wage'. Some time is spent on the activity of buying without any connection with the wage.

It is the same case with the 'independent producers' also. If a weaver wants to buy means of production or to sell the cloth that he produces, some exchange expenditure is incurred. All that will be a wasteful expenditure for that person.

In this manner, exchange expenditure is inevitable, when we buy

or sell any product for 'productive consumption', 'unproductive consumption', 'household consumption' or for any purpose.

Whenever we speak of exchange expenditure, it implies wasteful spending of some products and some living labour.

There is another kind of expense included in the exchange expenditure. It is the expenditure of 'registration'. When a house, land or some other kind of property is sold, the 'legal' rights over it too have to be transferred. In order to carry on the 'registration' activities in the whole of society, some buildings, some other means and the labour of some employees have to be spent. All this expenditure spent on transferring the 'legal' rights is unnatural and unproductive expenditure.

We have seen that exchange activities connected with a given production wastefully consume some portion of that production.

Whatever happens in the case of a given product applies to the whole 'mass of products'!

If we consider the total 'mass of products':

The 'mass of production' created in a year in the society belongs to many individual capitalists. Different kinds of products in that 'mass' have to shift from one another. All those activities of shifting should take place by means of crones of sales and purchases. Suppose, a total of 500 employees (workers) are there under those capitalists to carry out those exchange activities. Let us say that those activities take place in 100 shops. What do these 500 employees do? Do they produce new products? No. Do they make changes in the use-values of existing products? No. Then what is going on there due to the labour of those 500 people who are spending their labour to carry on the exchanges necessary for the whole society. As exchanges are necessary for the society, all those 500 people have to be engaged in these exchange activities only. All those people need means of subsistence. If selling activities are to be carried out in 100 shops in the society as a whole, some buildings and other means of labour are required. Those sales-employees do no produce themselves either those means of sale or their means of subsistence. They exist as 'labouring' people. As they utilise that 'labour' for the purpose of exchange activities, they cannot produce their means of subsistence and the relevant means of production. Only the productive workers carry out the entire 'production'. The exchange-workers, while consuming some

portion of the production, which the productive workers created, complete the exchange work.

If this exchange-work does not exist in the society, means to carry on this work need not be consumed. But the means of subsistence, of the workers doing this work, have to be spent, whether this work exists or not. However, when the exchange work does not exist, people who spend their labour in such work will be able to utilise their labour in 'productive' activities only. All those people can work in such activities that satisfy 'natural' wants: cloth-production, grain- production, bus driving, medical care, teaching and so on. Then it amounts to the fact that all those people are producing their means of subsistence by means of their own labour. But, when exchanges exist in the society and some people have to remain in those activities, such people while being labouring people...will be unable to produce their means of subsistence for themselves. In this manner, owing to the existence of exchanges in the society, many kinds of means of labour and lot of living labour are spent wastefully. That whole expenditure will be a deduction from the total social production.

We may also call 'exchange expenditure' as 'costs of pure circulation'. As the 'exchange expenditure' is a deduction from the income (surplus value) of the capitalist, they are unproductive costs. All the employees performing circulation work are 'unproductive' workers.

So far we have seen some thing about the exchange expenditure incurred in the 'process of circulation'. We will see some more details in the chapter on 'Merchant's capital' in volume 3. Besides costs of circulation, there are some more costs that are incurred in the 'circulation process'. Now, we will see them serially.

2. Costs of sorting and packing

'Sorting' means scrutinising the entire mass of products and isolating good articles and defective articles separately.

'Packing' means, to pack the production in a particular manner depending upon their physical properties.

All the products that come out of the 'process of production' will not be wholly in a good condition. Some will be wholly in a good condition, some will be partially defective and some will be wholly defective.

If it is a cloth, it may have holes here and there. The print may not be clear. It may thus be in a 'damaged' condition. If it is glassware, some of it may be in a broken condition. Out of such a production, we have to sort out articles in good condition to one side and defective articles to another side. We have to pack the articles that are in a good condition in a suitable manner. We have to send back the defective articles to the place of raw materials or place of repairing.

In the postal department, sorting work will be in the form of separating letters area-wise and article-wise.

Unless this work of sorting and packing takes place, it is not possible to send the products out of the production process. These labourers have natural relationship with the articles and are naturally required for the production of the articles. The costs spent on these labours add to the value of the commodity. The labourers who perform these labours are productive labourers.

The stage in which sorting and packing activities take place is also 'production stage' only. Then, why did we include these activities in the 'circulation stage'? It is because these activities do not bring about a change in the 'use-value' of a product on which these activities are performed. But, these activities will remain as naturally needed activities concerning the product.

Let us see 2 examples to understand the differences between the processes of production that take place within the 'process of circulation' and the processes of production that take place separately.

1) Cloth is ready. That is, the 'process of production' that produced 'cloth' is over. From the next moment, 'circulation process' of the cloth begins. All the activities that do not change the 'use-value' of the cloth are necessary for the cloth and are connected with its 'circulation process'. Suppose activities such as sorting and packing of 'cloth' have taken place. Owing to these activities, no change will take place in the 'use-value' of the 'cloth'. But, those activities are essential. Hence, they are 'productive labours'. The stages in which these activities take place are also production stages. But, they are 'production stages' within the 'circulation process'.

2) 'Cloth' is produced. We have to stitch a 'shirt' with it. We have to carry out the 'tailoring work' on the cloth. When we do tailoring the

use-value of the cloth changes. Hence, the process of tailoring is not connected with the 'circulation process'. It is a 'separate production process'

If we consider the process from 'cotton' to 'shirt':

The process of growing 'cotton' is a separate production process.

The process of sorting and packing of cotton are 'production processes within the circulation process'.

The process of making 'yarn' with cotton is a separate production process.

The process of sorting and packing of yarn are 'production processes within the circulation process'.

The process of making 'cloth' with 'yarn' is a separate production process.

The processes of sorting and packing of cloth are 'production processes within the circulation process'.

The process of stitching 'shirt' with cloth is a separate production process.

The processes of sorting and packing are 'production processes within the circulation process'.

After the production of an article, 'circulation process' begins the next moment. Though there is no process of selling (though we use it without a sale), the remaining stages in the circulation process are indispensable.

The labours of sorting and packing are essential labours in the circulation process. These are labours that are essential even in the 'New' society.

3. Costs of book-keeping

'Book-keeping' means 'writing accounts' concerning the production and exchange of a product. These accounts are concerned with the aspects of 'value' and aspects of 'use-value' (quantities of products) as well. The entire Book-keeping concerning the aspects of 'use-value' is naturally necessary and the Book-keeping concerning the aspects of 'value' is

naturally unnecessary. The two kinds of aspects are merged in the capitalist Book-keeping.

In the 'New' society also, the 2 aspects are merged as long as 'value' exists.

Capitalist keeps on buying means of production; goes on getting products produced; keeps on selling the products; keeps on paying workers wages; keeps on paying commission, interest, rent and taxes. All these accounts should be on paper every or any time.

Maintaining the account regarding the quantities of means of production necessary for the production process; maintaining the account regarding the quantities of the produced products; calculating the value of the products, corresponding with the prospective purchasers, preparing bills in the name of the purchases, maintaining accounts of money drawn from and remitted to the banks...all these activities come under Book-keeping.

To carry on this work of maintaining accounts, a room, tables, chairs, papers, pens, ink and the employees who maintain those accounts are required. Wages have to be paid to those employees. All these expenses are costs of 'Book-keeping'. Some portion of these costs is 'productive' and some portion is 'unproductive'. The cost of productive Book-keeping is added to the value of the commodity while the cost of unproductive Book-keeping is connected with the 'surplus value' contained in the commodity.

The labour of an employee who does the work of Book-keeping in a production place will be a combination of productive and unproductive aspects.

Even if we consider the Book-keeping that is essential for the 'production', no change will take place in the 'use-value' of that product due to this essential Book-keeping. Therefore, the phase of Book-keeping comes under the 'production stage' within the 'circulation process'.

The same kind of Book-keeping that exists in a 'work-place' is also found in all the 'work places'. Hence, if we combine the entire costs of Book-keeping in all the work places, that will constitute the cost of Book-keeping of the whole society.

The methods of Book-keeping are dependent on the nature of a given society.

Book-keeping was almost absent before capitalism. The peasant of the olden days used to keep all his accounting simply in his 'memory' only. Since the level of production under capitalism is very high, it is not possible to keep all the accounting in 'memory'. All of it has to be on paper. It is only capitalism that has created the Book-keeping that did not exist in the past societies.

As the level of production and sales becomes centralised, the costs of circulation diminish. If the entire work, which takes place in 10 production processes at 10 different places on a small scale, takes place at a single place in a single production process, the costs at 9 places diminish. Instead of writing 10 letters separately on small-scale transactions, if only one letter is written on a large scale transaction, the cost of paper, postal charges and labour of writing diminish by 9 out of 10 instances.

We have to carry on certain kinds of production processes always on a small scale. For example, dining halls and such others. Only when we organise these things on a small scale, it is possible to maintain cleanliness and establish close (friendly) relations among the members. Certain other kinds of production processes may be organised along these lines. Centralising on a large scale does not apply to all things uniformly.

In the 'New' society where the production process of a private capitalist transforms into a 'collective process of production', we will find 2 kinds of changes in the costs of 'Book-keeping. (1) Owing to collective Book-keeping in the 'New' system, instead of isolated Book-keeping that takes place separately at individual capitalists under capitalism, the costs of Book-keeping diminish to a larger extent than in the past. (2) The New system will have a use-value perspective, which capitalism does not have, in producing and using the products. Hence, definite and detailed accounting will be obligatory at every place regarding each item. Owing to this, the costs of Book-keeping will increase many times compared to the past.

The entire Book-keeping in the 'New' society will be carried out in a new method and with a new character.

4. Costs of storage

Costs that are incurred to keep the products in good condition are costs of storage. Labour that stores products is a naturally needed labour. This labour will increase the value of production. But, all the costs of storage incurred under capitalism are not naturally needed. Only some of them are naturally needed. Some are totally unnecessary.

Every product will have a natural period of storage. The grain that is produced only once in a year has to be stored for one-long year. The new grain will come by then. If it is a grain that is produced once in 6 months, it is enough to store it for 6 months only. It is enough to store milk for one day because new milk is produced every part of the day. Vegetables have to be in stores for 2 or 3 days. In this manner, a product has to be stored in accordance with the periodicity of reproduction. That period alone is the natural period necessary to store a product.

The arrangements with regard to storing of the products will be according to the physical properties of those products only. The requirements for storing products are: a room, some bags, ladders, vessels, almirahs, insecticides and connected instruments, and people who do the storage work. These people carry products here and there, climb the ladder, clean the storeroom, spray the insecticides for the protection of the products, take appropriate care and do all kinds of work necessary to keep the products undamaged.

The quantity of the products does not increase at all due to labour performed for this storage. There will not be any change in their 'use-value'. But, the 'use-value' remains undamaged due to these activities. In order to use products, it is essential to protect the 'use-values' from becoming spoilt until they are used. Therefore, all the expenses spent on the storage of products are added to the value of products as natural costs.

Some raw materials etc., have to be always ready in the store of the capitalist. The newly produced products too should be brought from the 'production place' and kept in another store. The entire labour connected with these storage activities is productive labour. These workers are productive workers.

The value of the commodity increases owing to the addition of storage-costs also to the value of the commodity. Suppose we have to

store the new grain produced in January until December, that is, for 12 months. The value of the grain used in February will be little higher than that used in January. The value of the grain used in March will be still higher than that used in February. In this manner, some costs of storage are added every month and the value of the grain in the 12th month will be higher than all the previous months.

Suppose, a family buys new grain needed for the whole year. Let us say its value is 200. It has to be stored until December. (The quantity of that grain decreases little by little every month). Let us suppose that the value of a little space, benches, bags etc., to keep the grain in a corner of the house costs 50. That family has to spend 50 if it wants to store it in their house only. Conversely, if it buys the grain every month, it has to pay an additional amount of 50 instead of 200 only for the whole year. It is because the capitalist who sells the grain has stored it until then. Whichever way we may look at this, that family has to spend 250 for the grain. It is the same case with any product. The work of storing a product has to be done at some place or the other. Wherever it may be, the cost of storage is unavoidable. Hence, the value of the product increases. It is the consumer of that product who pays that increased value.

The capitalist initially spends these storage costs from his own pocket. Which means, he invests his capital in the 'process of production' called 'storing of products'. Later, he takes back those costs through the value of the commodity, along with the surplus value of the store workers.

If these storage activities take place at many places in the society separately and on a small scale, their costs will be greater and it those activities take place at less number of places on a large scale, their costs will be smaller.

The capitalist, while fixing the value of the commodity, adds the storage costs also to that value, doesn't he? That cost must be at an average level. The capitalist cannot add the entire cost that he incurred on that work to the value of the commodity. If we say (not only regarding the cost of storage but also about any other cost) that 'this is natural expenditure and this adds to the value of the commodity', it only means that the expenditure should be at an average level only. Let us suppose that a capitalist, unable to sell the commodity quickly, kept it in store for a long time and bore the storage-rent and other expenditure and thus sold

it very late. Suppose our capitalist spent 20 on 'storage' of that commodity for which the other capitalists spent only 10. Then, can he sell his commodity with addition of 10 over and above the others? "Can he say like this: "Since I spent 10 more than others on storage, people who buy my commodity should pay me 10 extra!" It is not possible because the same kind of commodities are available at a 'lower' value and hence buyers will buy 'there, only and do not buy here at a higher value. This means that a capitalist cannot fix higher value to his commodity though he incurred an expenditure more than the 'average'. Hence, what happens in the case of the capitalist who incurred more expenditure is that his 'profit' diminishes a little. If the expenditure incurred is less than the average, the profit increases a little. Therefore, the capitalist tries to keep every expense at a low level to the extent possible.

The costs of storage of all the capitalists in a given branch of production will not be the same. The storage costs of a fellow who produces on a large scale will be less while the storage costs of a fellow who produces on a small scale will be more. There will not be much difference between the cost of storing 100 bags and the cost of storing 110 bags in a room. The fellow who produces on a large scale can save storage costs and other costs. This saving appears in the form of 'more profit' that remains at the end. But, carrying on a work on a large scale implies growth in the level of 'cooperation' of the workers. The fruits of the growth in the level of cooperation due to increase in the number of workers (that is, the fruit, namely, more work with less cost), goes to the capitalist in the form of 'more profit' without going to the workers.

Since 'sale' ('purchase' as well) is indispensable under capitalism, unimaginable costs are incurred wastefully in the case of storing products.

The commodity that comes out of the 'production place' first comes into the 'store' and from there to the 'shop'. Let us say that there are certain kinds of cloth in a cloth shop. The whole of it is thousand metres, while there is 2 thousand metres of cloth in the store that supplies to the shop. By the time some bundles of cloth in the shop are sold out, the cloth in the store will come into the shop. The cloth in the production place comes into the store. The store and shop are filled every or any time. At any moment of time, a thousand metres of cloth will be ready in the shop while 2 thousand metres of cloth is ready in the store. 'Constant availability of 3 thousands metres of cloth (it may be 3 thousand metres

or little more or little less) in the shop and store taken together' implies that the entire cloth is always lying in almirahs without going into consumption.

To carry on 'production', 'production place' is necessary.

To store the 'production', 'store' is also necessary.

But, we have to properly understand the question of 'shop' that is totally 'unnecessary'. 'Shop' becomes necessary only due to the existence of system of 'sales'. If we imagine that there are no sales at all, only system of 'distributing' products is necessary. The products that have to be distributed will go to a place or directly to the houses. When products come to a place and after being distributed, that place becomes vacant. Only when the distribution time arises, new products will come there and will be distributed rapidly. Only due to this system, the products do not remain always in the place of distribution. But it is totally different in the case of shop where sales take place.

If we consider a cloth shop, all the almirahs are filled with various clothes. Every capitalist always keeps all kinds of clothes in his shop since there is a 'danger' of buyers going to another shop if a given kind of cloth is not made available to them. The moment a bundle of cloth goes into the hands of the consumers, another bundle appears there immediately. It comes from the 'store' and stands in the shop. This amounts to the fact that the old bundle lying in the shop remains there itself and the new bundle that came from the store is going into the hands of the new buyer. There will not be such a situation whereby the entire cloth leaves the shop and all the almirahs become empty. Moreover, the whole shop is always filled fully with the commodities. This amounts to the fact that the commodities in the shop are 'stagnated'. Just as the articles in a photograph of a cloth shop, all the articles in a shop too appear static. The shop, filled always with commodities, remains like a 'shop in a photograph'. The entire production in a shop is equal to its 'non-existence'. This means, it is 'non-existent', though 'existent'. It does not come into 'consumption'. Its duty is to stand in the almirahs.

This is the condition of one shop! If we take all cloth shops in a town, the entire cloth in those shops has to remain always like that.

A small town will have at least, let us say, 20 cloth shops. A minor city will have at least 200 cloth shops. Thus if we consider a country as a

whole and combine the entire cloth that always remains as a still-photograph in all the shops, it will be of crores and crores of metres. It means, some crores of metres of cloth are necessary simply to lie like that in shops. That will never come into use. While it is lying, the commodities over and above it alone will be consumed. This situation does not relate to cloth only. This situation prevails in the case of each commodity under capitalism. From the needle to the airplane, each commodity has to stand in the form of 'stock' in front of the 'sales'. Clothes filled in thousands of cloth-shops, shoes filled in thousands of shoe shops, vessels filled in vessel shops, radios filled in the radio shops. Not only this, not only that. All the shops have to be full with each kind of product that does not come into use. This situation is not related to either 'over-production' or 'stagnation' (absence of sales). This situation always exists irrespective of whether sales are active or dull. This is a situation that is inevitable due to a cause called 'sale'.

Shall we imagine how this whole thing would be if it is a society where 'sales' do not exist? If we consider cloth, the whole population requires every year some kinds of clothes: clothes for wearing (different kinds of underwear and upper garments), clothes used on bed (bed sheets, blankets, bed covers, pillow-covers etc.), towels, handkerchiefs, window curtains, sweaters and so on. Let us suppose that a person needs every year 20 kinds of clothes. Blankets, curtains, sweaters do not get torn every year. Clothes of daily wear, towels, handkerchiefs get torn every year.

All these kinds of clothes are produced in many different places in the society. These have to be distributed to the whole population.

Suppose there is a population of 5 thousand people in a village. Clothes necessary for that population are brought to that area and distributed: once clothes for daily wear, once towels, once handkerchiefs, once blankets, once sweaters...and so on. Once the clothes arrive in the village, it takes at the most one or two days to reach all the people.

Suppose a van carrying towels has arrived. Let us say, each person needs 3 towels in a year. Those, whose towels of the previous year are not yet torn, will not take towels of their present share. Or, they take one or two instead of 3. We have to note in the very first instance that, here, there is no such practice as 'taking something, selling it again and making money.'

We are imagining such a time when we have given up 'money'. That is, here, we are imagining such a time when there are no sales and purchases. When money and sales still exist in the society, the kind of 'distribution' that we are now imagining is not possible. Then, there exists a situation whereby people will 'buy' whatever they want.

In the initial stages of the New society, that is during the period when sales are still in existence, we need not retain thousands of shops that are always filled with 'stock' like capitalist markets. Even during this period, except in the case of daily consumed products like vegetables, food stuffs, it is not necessary for us to have hundreds and thousands of shops daily crowded with stock in the case of such products as clothes, shoes etc., which we buy once and use for a long time. Is it not enough to organise the sale of clothes, shoes etc., in an area once in a month? (Just as commodities are sold once in a month in the present day 'government ration shops'). If sales of many kinds of products are conducted in this manner, there is no need for thousands of shops to be open always with stagnant stocks. If the sale of commodities is not under the control of private individuals, we may initiate any kind of changes in sales.

If we assume that the sales and money are totally absent in the society, there will be no scope for selling again the articles received and convert them into money. Therefore, no person will take and use more number of articles than he/she needs. That 'need' may be little different either this way or that way.

The government officials in a capitalist society are able to extract fraudulently huge portions from the rations meant for the public because they are able to sell at once to the private traders and convert them into money. A government official can very easily grab 100 bags of sugar per year from the sugar rationing. A government engineer can put into his pocket a thousand bags of cement per year from the cement released for the government constructions. These kinds of frauds go on occurring every day in the capitalist society at the level of crores and crores of rupees, These kinds of frauds are possible since it is possible to sell every product and convert it into money in that social structure.

But, in a society where there is a 'collective plan' and where there is inspection of 'people's organisation' in every area and in every aspect, such kinds of frauds are not possible. In a society where there is no money

at all, it is not possible for any body to appropriate any kind of product fraudulently and use it. In this society, each distribution will be an open activity which people can clearly know, instead of being a secret activity carried out under the bureaucratic domination of the officials. The quantity of products to be distributed will be in accordance with the population figures of a given area. If some quantity out of that production remains unused (if those who were supposed to receive it do not take), it will go to another area. After the completion of the distribution, the whole report concerning it will be announced before the public. The entire 'Book keeping' connected with these details will be in definite terms.

After all kinds of clothes needed in a year are distributed for 7 or 8 times in a society where there are no sales, the question of need for the clothes for that year will not arise any more. It is the same case with all such kinds of articles as these.

If it is rice, it may be distributed either every month or once in 2 months to collective kitchens and households.

If it is fruits, they are distributed to households, collective kitchens and hospitals. Let us say it is a season of mango fruits. Depending upon the quantity of the crop and population figures, they are distributed twice and thrice a week.

If it is shoes, they are distributed 2 or 3 times in a year.

If it is soaps, they are distributed once in a month or once in 2 months.

Some products reach homes. Some products reach collective organisations: schools, hospitals, factories, agricultural farms...each will get whatever it requires.

A given article is 'produced' at a given place and goes straight to the place wherever it is needed. It need not go to markets or shops in the middle. Excepting places where products are stored and distributed, markets and shops are not necessary. Each newly produced article tying in this corner or that corner waiting for the 'sale'; moving serially from one trader to another; spoiling, breakage, rotting of many products in the mean time etc...none of these things need happen.

If we imagine that there are sales activities and shops, thousands and thousands of buildings that are used as place for sales and other

commercial means may be used for other purposes. All the people engaged in commercial activities can go into natural activities.

In a society where there are no sales, shops that make noise of money at both the sides of the roads and fraudulent bargains disappear and all those places will be filled with green and cool trees. All the paths that intertwine with each other in the middle of the towns will be filled with trees and every town would look like a collection of gardens. This is a picture of a world that can get rid of sales!

The entire production in capitalist society is in 3 stages.

(1) In the stage of productive capital: The raw materials and auxiliary materials that the capitalist buys and keeps in the store of the production place; the instruments of labour that are currently used, etc.

(2) In the stage of 'commodity capital': This is the commodity that is produced and ready for sale. Whether this is with the capitalist or the trader...both ways are the same. Let it be with any body, it is still an unsold 'commodity capital'.

(3) In the stage of 'personal consumption fund': This is the production that the capitalists as well as the workers (that is the entire population) buy and keep at their houses for personal consumption.

—Thus the entire production in a capitalist society will be in these 3 stages.

The production in the 'New' society, where there are no sales, will be in the 1st and 3rd stages only. There, the 2nd stage (the stage of commodity capital) does not exist. If the 'products' produced in 'production places' are useful as 'means of production', they go to all places of production. If they are useful as 'means of subsistence', they go to houses, common kitchens, hospitals, schools and other such places. The produced products should either be in the stage of 'means of production' or as 'consumption fund'. If there is no unnatural stage of 'commodity capital' between these two stages, production necessary for the society will be a very small quantity only.

Even in the 'old societies' where production takes place more for the 'needs' and less for 'sales', production in the 2nd stage would be very less. The crop produced in the fields (production places) in the feudal

society directly comes into the barns of the landlords and the houses of the feudal peasants. It means that, after passing through the 'production stage'; it enters into the 'consumption' stage. Here, production, which is found in the 'stage of sale', will not be present specifically. The only practice is to take the commodity to the market and sell there; but there will not be a situation whereby it is always kept in the shops. Even in the remote past societies there will not be a situation whereby some part of the production is always in the shops.

Existence of products in the stage of 'commodity capital' is a feature that is specific to capitalism. The objective of this system is to produce 'commodities' that pass through 'sale'.

Just as they hold some wrong notion or the other in every aspect, the capitalist economists hold a wrong notion about the value of the products also. These economists, looking at the absence of excessive stock in the 'stage of sales' in the past societies, think that there was no stock of production at all in those societies. Absence of stock in the 'stage of sale' appeared to them as if there was no stock at all.

'Stock of products' is necessary for any society. But, the methods of storing would be in the form that is appropriate to the nature of a given society.

5. Costs of transportation

All people on the earth do not live at a single place. The whole production does not take place at a single place. Human beings are spread over throughout the earth. They carry on whatever production that is possible wherever. They catch fish where there is water. They excavate coal wherever there are mines. They do cultivation wherever there are favourable lands. They collect timber wherever there are forests. Thus, processes of production take place at different places through out the earth.

Products of one region should reach another region. People of one region have to keep going to other regions. All these activities take place by means of transport only. 'Transport' is the natural requirement in order to use the products of one region in another region.

The quantity of production does not increase due to transportation. Its use-value also does not change. But, that use-value reaches one area

from another area only due to transportation. Therefore, cost of transportation adds to the value of production.

Since process of transportation is carried on the already produced products, the transportation too is a 'production process'. If we transport yarn, the raw material of the cloth, before cloth is produced, that yarn itself is a 'produced product'. If we transport 'cotton', the raw material of yarn, before yarn is produced, that cotton itself is a 'produced product'. The transportation of cotton, yarn or any other product takes place only after it is produced. That is why, transportation is also a production process within the circulation process. The time during which transportation takes place itself is 'production period'. The transport workers are productive workers.

The value of 100 metres of cloth that is produced in a 'production place' is 120. Suppose it consists of 80c+20v+20s. Let us also suppose that '8' is the value of transportation to send the cloth of 120 value from there to another place. The value of transportation consists of, let us say, 4c+2v+2s. Which means, the capital for this transportation is 6. Its surplus value is 2. This surplus value is that of the transport workers.

The constituents of 'transportation' will be the same whether the cloth capitalist has his own means of transport or not.

It means that neither the cost of transportation nor its constituent parts change at all.

If the cloth fellow himself has means of transport:

Then, the cloth capitalist will become a transport capitalist as well. Then, there will be transport workers under the cloth-capitalist. The cloth fellow himself invests the transport capital as well and he takes surplus value that comes from transport.

The value of the cloth:

immediately after it is produced ..... 80c + 20v + 20s = 120.

The value of the transportation ..... 4c + 2v + 2s = 8.

The value of the cloth after transport.. 84c + 22v + 22s = 128.

The cloth fellow gets a total of 22s because he invested transport capital also.

If the cloth fellow does not have his own means of transport:

Then, the cloth capitalist and the transport capitalist will be different persons. Another capitalist invests the transport capital. Then that second capitalist carries out the activity of transportation. The cloth fellow sends his cloth by transportation through the transport capitalist (that is, by buying a commodity called 'transport facility), and pays 8 value for the facility to the transport capitalist. Out of that 8, the transport capitalist gets back 6 capital and retains 2s. Even then the value of the cloth will be 120+8=128 only. Whoever organises the transportation activity, its value elements do not change at all.

Supposing, the cloth capitalist invested the capital only in the first process of production of making cloth. The value that adds to that process of production is 120. The value that adds through transport is 8. After the completion of the transport, the value of cloth will be 128. However, the surplus value that the cloth fellow gets will come from the first process of production only. Which means, from the 120 initially present in the cloth.

Let us say that the cloth capitalist sends the cloth made of 120 value by transportation to a much longer distance than in the past. Then, he incurred 40 toward transportation charges. After the completion of transportation, the value of the cloth will be 120+40=160. If he sells that cloth for 160, the cloth capitalist does not get any thing from the 40 that he spent on transportation. The surplus value that he gets is present in the 120 that formed in the production process that he organised. The surplus value that he gets will be the same whether he sells the cloth at 128 with less distant transportation or at 160 after a very long transport.

Every capitalist, either at the start of his 'industry' or within a very short time, definitely acquires some 'means of transport'. He has to get daily raw materials etc., from other 'places'. The commodities produced at his place have to go other places. Transportation is always needed for all these activities. The capitalist knows that, if he has his own means of transport, he can earn profit even through those means.

Suppose the cloth capitalist keeps a few lorries of his own for the transportation of his commodities. Drivers, mechanics and cleaners are required to run those lorries. A shed and other things are also needed. The capitalist has to pay wages to those employees. With those constant

and variable expenses, his commodities are transported and he would be getting 'transport surplus value'.

This means that the cloth capitalist here invested some capital not only in the activity of producing cloth but also in the activity of transporting the cloth. Since he invested capital in 2 different production processes, he would get 2 different surplus values.

Now let us see the case of transport workers. Drivers, mechanics, cleaners, engineers etc., who work in the transport industry, are productive workers. All the workers who load and unload the commodities are productive labourers. But, the ticket selling clerks, conductors and ticket-checking employees are unproductive workers. The labours of these unproductive labourers are naturally unnecessary to the transport.

In every production process, there will be certain activities of shifting half-finished and finished articles from one section to another section. These are transportation labours that take place in the production place itself. These are merged with the 'process of production'.

Just as there is competition among the capitalists within each branch of production, there will be competition in the transport branch also.

Every transport capitalist tries to transport more weight with less expenses. If it is good to send only 5 tons of weight only on a lorry, the transport-capitalist tries to send even 10 tons of weight as well. If any accidents take place, all of them are meant for drivers and workers.

If the goods to be transported are very delicate or rapidly perishable or likely to be broken like glassware or eggs, such goods require more space and more care. It means they require more labour. The transport charges of such commodities will be more.

Though we said that 'transportation' is a productive process, it does not mean that 'transportation' for any purpose is also 'productive' and such cost is a natural one.

Supposing a commercial employee engaged in buying and selling activities has traveled to a place for the purpose of securing orders. The entire cost connected with that travel is 'unproductive'.

The costs connected with the travel of sales persons like medical representatives and their wages are unproductive.

All the costs of transportation connected with the police, soldiers and arms are unproductive.

The costs connected with the tours of such officials as kings, ministers, governors and their security personnel are unproductive. — Thus, all these 'unproductive' expenses are part of 'social surplus value' only.

We have to understand that each 'unproductive' cost is part of the 'surplus value'.

Since capitalism is a system of commodity production, a large part of 'social' mass of products has to be transported as 'commodities' to many places. Owing to this situation, transport industry develops very much under capitalism. Means of transport and modes of transport develop. Like all branches of production, transport industry too increases capital on the one side and workers on the other side.

6. Costs of advertising

'Advertisement' means a business announcement. Commodities are ready with the capitalist. He has to sell them. The capitalist makes announcements so that all people will know about it. This will be in different forms.

They write about the commodities in the newspapers. They write on the big sign boards kept on the wayside. They broadcast over the radio. They show them in films and over television. People roam around houses and production places and give it publicity. Thus making announcements is done in many ways.

Like all activities, these advertising activities too require some kinds of means of labour and some kinds of living labour. Those means and labours vary according to the mode in which advertising is made.

If the cloth capitalist wants to give an advertisement, he has to first get it 'prepared'. He gets it done by another capitalist. That fellow will have with him workers who prepare 'advertisements'. The cloth fellow buys that advertisement. Then, he takes it to the newspapers, radio or any other place and gives it for 'publicity' and pays charges for that. All this constitutes 'cost of advertising'!

If we take the case of 'cloth', the cost of its advertising is not meant for making it. Not for protecting it. Not for sending it from one place to another. Thus, that cost is not meant for any requirements connected with the body of the cloth. This is merely an expense connected with the selling of the products. This is a part of expenses incurred to sell the products. **It means that cost of advertising is an unnatural expense; an unproductive cost. Hence, this cost does not add to the value of the commodity.**

Supposing an advertisement of clothes has appeared in a newspaper. For this advertisement, some means of production such as some paper, some ink, some wear and tear of the printing machine are expended. Some labour of the newspaper workers too is expended in the work of printing the advertisement. Thus, as a whole, some labour is spent on that 'advertisement'. The cloth capitalist pays the value of the advertisement to the paper capitalist. Which means, the cloth capitalist buys a commodity called 'advertising facility' from the newspaper capitalist and buys its value. Well, then what is the source from which the cloth fellow pays that cost of advertisement? From the value that he got after selling the cloth. Does it mean that this cost of advertisement is included in the value of the cloth? No. Since the value of the cloth includes a portion called 'surplus value', the cloth capitalist takes some thing out of it and pays for the advertisements. Which means, the entire cost of the advertisement of a given commodity is paid from the surplus value of that commodity only!

Now, let us see the paper capitalist who prints the advertisements. This fellow sells certain amounts of space to many advertisements. He collects the value of a given advertisement from those who gave that advertisement. After the production of the paper, he sells it to the readers and takes some value from them. It means, the value that a paper capitalist gets will be through 2 sources: (1) Some value from the readers who bought the paper, (2) Some value from those who gave advertisements. We have to combine the 2 kinds. The combination of the 2 kinds is the total that he gets from the paper. The source for getting this total is a 'commodity' called 'paper'. We have to deduct the constant and variable portions spent for the newspaper from the total amount that he got through the newspaper. The remaining portion is the surplus value of the paper workers.

We have to understand in greater detail the value that the paper capitalist gets from the 'advertisements'.

Suppose the cloth capitalist gave his advertisement to a paper. Its value is 10. The cloth fellow gets that 10 from the surplus value of the cloth and pays it to the paper fellow.

Each 'value' consists of 3 parts, namely, constant, variable and surplus value. Therefore, let us suppose that this 10 value consists of '4c+3v+3s=7 capital' to print that advertisement in his paper. Paper workers do 3 surplus value. Hence, the value of the advertisement will be 10. The paper fellow collects that 10 value from the cloth fellow. After taking back 7 capital from that 10, the remaining 3 is the surplus value of the paper workers.

We have to divide a 'paper' into 2 parts, namely, part of 'advertisement' and part of 'news'.

We have seen that the surplus value that comes from the 'advertisement' is that of the paper workers only.

Let us see the part of 'news' directly.

Let us suppose that out of 10 wages in a paper, news occupies 6 pages and advertisements occupy 4 pages. The value of each page is 10 paise. The value of the total paper is 100 paise (1 rupee). The advertisers pay the value of the 4 pages containing advertisements. The readers who buy the paper pay the value of 6 pages containing news. (Those readers include both capitalists and the workers as well).

The value that the readers pay and the value that the advertisers pay taken together constitute the total value of the paper. It is 1 rupee. Though the value of the paper is 1 rupee, readers have to pay only 60 paise for that paper. Hence, the value of the paper is printed as 60 paise. 40 paise that the advertisers pay do not appear on the paper. The readers who buy that paper pay a value of 60 paise to the paper. Even that 60 paise consist of **c+v+s**.

It means that the portion of **s** in 40 paise that the advertisers pay as well as the portion of **s** in 60 paise that the readers pay is that of the paper workers. It goes to the paper capitalists.

If we see from the side of the readers: How are the readers who buy

the 10-page paper of 1 rupee value with 60 paise, able to take the 10-page paper by paying the value of only 6 pages? It is because that the advertisers themselves pay the value of 4 pages containing advertisements and make available those pages 'free of cost' to the readers. They do it like that with a view that readers would buy their commodities if they show the advertisements of their commodities to the readers. Hence, the 10-page paper is available to the readers at the value of 6 pages. It means that the money, which the readers are paying while buying a paper containing advertisements is not the full value of paper.

Let us assume that in the example of 10-page paper, it is a 'general phenomenon' that readers pay for 6 pages and advertisers pay for 4 pages. The paper capitalist may publish advertisements in more than 4 pages. Supposing, he published advertisements in 6 pages on a particular day. Since he allotted 6 pages for advertisements, he would take money for 6 pages from the advertisers. Which means, readers have not received news equivalent to their money. The readers who pay money for 6 pages of news got 4-page news only. In this manner, readers incur loss whenever there are more number of advertisements in the paper.

Let us say that an 'unemployed person' found an employment notification from among those more number of advertisements. Or, a 'patient' found an advertisement of a 'medicine'. Supposing that some individuals specially benefited on that day because of more number of advertisements and less news. The question whether an advertisement is useful to a reader or not is an aspect of 'use-value'. Here we are discussing the aspects concerning 'value'. If we assume that publications of advertisements in 4 pages daily is a general condition, the number of news will certainly diminish on the day when more advertisements appear. Hence, it means that readers did not take the same number of news that are equivalent to the value which they paid that day. We should not confuse the 'value' perspective and the 'use-value' perspective.

Supposing that the cloth capitalist on a particular day gives 5 advertisements in 5 newspapers, 1 on the radio, 100 advertisements in 100 cinema theatres in many towns and some advertisements in other forms as well about his commodity. All these advertisements taken together are concerned with 1 day. In addition to these, let us say, he gives some advertisements every week in some weekly magazines. Let us also suppose that he gives in some monthly magazines. If we consider

the total accounts concerning one month, the total costs spent on advertisements in that month are from the 'surplus value' connected with the cloth produced in that month.

Now, let us see the capitalist who organises the making of advertisements: To give advertisements to newspaper, film, radio or TV, firstly advertisements have to be printed, broadcast or exhibited. The activity of the advertising capitalist is to prepare advertisements. This fellow prepares advertisements to every one: whether it is a cloth fellow, soap fellow, medicine fellow. It means that this fellow sells a commodity called advertisements. The 'process of production' of making this 'commodity' takes place under this fellow. Here, we find photographers, copy-writers, lay-out artists, set designers, models and all the employees who are required to do such kind of jobs that are required to prepare advertisements for whatever products the capitalists want to sell.

The cloth capitalist comes to this advertising capitalist, gives the details of his commodity and asks him to make advertisements. The advertiser gets advertisements prepared and gives them to the papers, film theatres, radio, and television, as per the agreement with the cloth fellow. The cloth fellow pays charges to the advertiser for making advertisement. He also pays charges to the paper people, radio, and cinema theatre for showing his advertisements. Or if he gives all the charges to the advertisers, he would give whatever is due to them and finally retains his profit.

If the capitalist does not specially undertake the work of preparing advertisements, then either the commodity owner or those who show the advertisements have to undertake that work. Then all the charges have to be paid to them only. In whatever manner it may happen, essence is the same. Whether the work is divided into 2 parts and charges are paid separately to the two different capitalists who do that work or the work is assigned to a single capitalist and the entire cost paid to him for doing that work...both are same.

The capitalist who gets advertisements prepared is also a 'productive' capitalist since he is getting a commodity (advertisements) produced and is selling it. However 'unnatural' that commodity may be, workers participating in the production of that commodity are 'productive' workers only. Just as all those workers, who produce knives, poison and

weapons, are productive, so also these workers. Among these workers, layout artists, photographers and copywriters perform some labour or the other. Those who stand (act) as 'models' do not perform any labour. The work that they do is not connected with 'labour'. They do the work of exhibiting the bodily features that they got by nature. This is not 'labour'. Men and women who stand as models give their bodies to the capitalist's needs and in return take some 'value'. To fix the value, it is not possible to fix thus: 'this work requires so much labour'. This work does not have natural basis called 'labour'. The value of the person who stands as a 'model' depends upon the 'demand' that his/her body has (just as the demand that the physical shapes of the film actors have). It means that people who stand as 'models' do not do any labour, exhibit their bodily shapes and thus earn income without doing any labour of their own and thereby live on the labour of others. These employees do not belong to either 'productive' or 'unproductive' category. This is a 'strange job', unrelated to labour and created by capitalism.

'The capitalist who gets advertisements prepared is also a productive capitalist. Workers who prepare advertisements are also productive workers'—this is how we have stated here.

But we have earlier Stated elsewhere thus: 'the cost of advertising is 'unproductive' expenditure. These 2 are different contexts. We have to understand these things without any confusion.

If a cloth capitalist spends Rs. 10 on his commodity for 'advertisements', it is an unproductive expenditure. The cloth fellow has to pay this cost from the **s** of the cloth.

Costs of advertising connected with any commodity are unproductive.

However, if we consider the case of advertising capitalist, his activity is a productive process for him since he earns surplus value through that activity. If the 'advertising' capitalist gets an 'advertisement' prepared by his workers for the sake of 'cloth' capitalist and charges Rs.10, the 'advertising' capitalist gets some portion of it as his surplus value'. Hence, his activity is a productive activity for him. We have to properly understand these different contexts.

There is only one way to understand the cost of 'advertising' without

any confusion and clearly. If we see an advertisement connected with a given commodity in a paper, film or elsewhere the cost of that advertisement is part of the surplus value of the workers who produced that commodity. The entire cost of advertising of soap is the surplus value of the soap workers. The entire cost of advertisements of medicines is the surplus of medicine workers. The entire cost of advertisements of clothes is the surplus value of the cloth workers. Everything is like this.

There is a little difference in the case of film advertisements. We have seen that the whole surplus value earned through the film does not belong merely to the film workers. (We have seen this in the chapter on 'Productive labour and Unproductive labour'). The cost of advertising of a film will not be simply the surplus value of the film workers but some portion of it is extracted from the film audiences.

There will not be any advertisements concerning the essential necessaries of daily life or the products of poor quality that the manual labourers use. Thus, there will not be such advertisements as: 'Buy broken-rice!' 'Buy coarse cloth!' The need for advertisement arises only in the case of articles that are above the level of 'dire poverty'.

In the case of advertising, it is not enough to realise that 'this cost is unproductive'. We have to understand this point not only from a 'value' perspective but also 'use-value' perspective. In the capitalist society, it has become a routine thing to use products by seeing and believing advertisements.

Every advertisement says thus: 'use our commodity only! Our commodities are great! Others' commodities are useless! Don't buy any other commodities! Our commodities are superb!' If there are 10 individual soap capitalists, each one of the 10 fellows says thus: 'My soap alone is great! His soap? It is useless!' In fact, this fellow's soap is also useless and that fellow's soap is also useless. No fellow's soap contains real features necessary for the bodily cleanliness and health. If it is a 'capitalist commodity', it is undoubtedly an 'adulterated commodity'! Whether it is clothes, rice, medicines, soap or any other thing! If we see the case of 'soaps', it is inevitable that there would be some fraud in the foam of each fellow's soap, some deception in its odour, some cunningness in its colour. But the advertisement of the soap fellow describes that soap as if it fell from the sky like a great and divine substance without human

touch. It gathers and dumps all such things as trees, birds, hills, gorges, clouds, flowers, beaches etc., around the picture of the soap and creates such a feeling as this: 'What is the use of your life if you don't use such a divine soap as this? How can you raise your head in the presence of others?' While 10 advertisements suffocate from 10 sides about 10 adulterated soaps, the head of a fellow who wants to take a bath revolves and revolves with madness and stops at some point. It stops at an 'over-active soap' that haunts him wherever he goes: any paper that he opens, any road that he walks along, any film that he watches and so on. Only such an over-active soap will be able to rob the hearts of many people. Those who buy commodities by following advertisements buy them not out of confidence about their merits and demerits of the commodities but due to 'glamour' for their 'greatness'. That is what the capitalist wants. The capitalist is not concerned with such questions as: whether the buyer of his commodity bought it in a conscious or unconscious State of mind or will he use it or throw it away after he bought it? What he wants is that his commodity should convert into money. It should be quickly sold out.

No capitalist talks about his commodity honestly by way of explaining its merits and demerits thus: "We have made this commodity with such and such substances. See if you like it." If he says so, his commodity will have to remain in his store only. It is because the commodity of any capitalist does not come out if the buyers 'start thinking' whether the commodities please them or not and then buy. But, in the face of the noises of the band music of the commodity advertisements, the tastes of the buyers and the merits and demerits of the commodities will run away. The buyers fall pray to the advertisements.

Whatever be the plight of things like soaps, clothes and shoes, it is the same case with life-saving drugs also. Under capitalism, any capitalist can get any kind of medicine in any manner and can get adulterated poetry written on it and dump advertisements. If a patient sees an advertisement of medicines, he reads poetry in it and believes that he would get 'eternity' by that medicine. He immediately buys a tablet and drops it into his mouth. As soon as the tablet drops into the mouth of the patient, the capital of the medicine-capitalist begins to return and the capitalist regains his health. If our patient swallows four more tablets, the commodities of the capitalist moves further and the economic health of the capitalist becomes further stable. Let our patient swallow any number of tablets, he won't stop his

moan. In the mean time, he would see another advertisement and shift to another medicine. The useless medical process makes one more revolution again in the second capitalist's adulterated medicines. Later, our patient shifts to the third medicine. Later, our patient shifts to the third medicine. Finally, after some time, he crosses the need of any medicine!

The sole objective of advertisement is 'sale'. This kind of advertising activity was not in existence in the 'past societies' where products were used for personal consumption without sales. The slave-owner need not issue advertisements about the crops produced in his fields. The feudal peasant need not give advertisements about the rent that he pays or about the products that he retains after deducting the rent. But, it is not the same case with the commodity of the capitalist. This is produced exclusively for 'sale'. Since many capitalists produce the same kind of commodity without a plan as to what and how much commodity is necessary for the society, each capitalist has to walk through the fire pit of 'competition' and sell his commodities. The need for advertisements of commodities arises due to the phenomenon called 'sale'.

It is not enough if the advertisement play the role of explaining the details about the commodity. It should serve the function of dragging the buyers into an intoxicated State. It should thrust commodities upon the buyers either by creating false hopes or by complying them wrongly or by luring them. **The correct meaning of the word 'advertisement' is 'thrusting commodities upon others'.**

We need not have such foolish doubts as if we thrust a commodity on a person by 'deception' once, that person may not buy it again, isn't it? The number of persons thus will diminish, isn't it? Aren't there new forms of 'deception'? The only thing is, one has to change the forms of deception periodically, that's all! If we discard the old advertisement and prepare a new advertisement with new poetry, new copy-writers and new models, it would continue for some more time. If it is inevitable for the sellers to sell commodities by deceptive methods that put pressure on the minds and thoughts of the buyers, it is also inevitable for the buyers to yield to those deceptive methods and buy the commodities. It means that people who use a product called 'soap', cannot make an independent effort to select once for all a better soap, after using all kinds of soaps that they can afford to buy and after understanding their merits and demerits. They fall into a weakness whereby they cannot decide as to

which commodity they should buy, unless an advertisement appears with a big noise. This may be natural to the capitalists who buy commodities from other capitalists since they don't have any other values except the glitter of the advertisements. It is appropriate on the part of the capitalists to buy commodities yielding to the noise of the advertisements. But workers too remain in the same weakness. They fall very easily in the trap of advertisements. In the face of tricks of advertisements, it makes no difference whether the buyers are 'these' people or 'those' people. When the buyers reach such a stupid stage, it is not merely the sellers but the sellers too will have the need for the advertisements. The fact that there are sellers who sell their commodities with the strength of advertisements implies the fact that there are buyers who buy commodities due to their weakness to believe the advertisements.

In the 'new' society where there are no sales and where production is carried on simply for the sake of needs, there will not be a need for this kind of advertisements. If we take the production of soaps, there is no need for hundred kinds of soaps. About seven or eight kinds of quality soaps are enough. We will need special kinds of soaps for the children, special kinds for patients, different kinds of soaps depending upon the natural differences in the individual bodies, different seasons and so on. If all these kinds of soaps are produced and supplied always, there will not be any need for special advertisements about them. If you want to tell the population about the principles of health, it is enough if you produce articles that contribute to health. The healthy article itself will teach them principles of health.

But, in the capitalist society, many fellows produce the same kind of commodities. Each fellow has to sell his own commodities. Hence each fellow will spend some portion of his surplus value on advertisements.

If we take a cloth capitalist, he won't stop advertising even for a single day despite the fact that he started his business 20 years ago or 50 years ago or any number of years ago; despite the fact that all people knew about his commodity for a very long time and despite the fact that it acquired 'fame'. He too issues advertisements every month, every week and every day through all forms of publicity. It is because the same kind of commodity constantly keeps coming into the market. Therefore, his desire is that buyers should never forget his commodities and should

never turn their faces towards the others' commodities. That is why, he always keeps treading new paths in search of newer and newer advertisements in newer and newer forms. All these paths are such that they always eat expenditure that is many times more than in the past.

If the area of a way side 'bill-board' is only a square yard, then the public may or may not notice it. But, if the billboard is 5 yards wide and 10 yards height (if its area is $5 \times 10 = 50$ square yards), none can cross it without noticing it. Hence, during the period when all the other capitalists issue smaller advertisements, clever capitalist increases the space of his advertisements for certain times, more than earlier. Its immediate result will also appear in the sales. Immediately, all the other capitalists will follow the same path. All fellows begin to issue bigger and bigger advertisements. But, the situation wherein all fellows issue bigger advertisements is akin to the situation wherein all fellows issue smaller advertisements, isn't it? The whole thing comes again to square one. While the problem of sales remains as ever, the method of advertising transforms from the less cost to more cost. While all fellow give bigger and bigger advertisements, no capitalist will begin to issue smaller advertisements again.

During the period in which all fellows issue smaller advertisements in the newspapers, one fellow suddenly begins to issue a full-page advertisement. All will do the same thing from the next day. The cost spending on advertisements will increase to an unusually high level for all fellows.

Another practice in these advertisements is to give some 'commodity' 'free' along with every commodity. A blade is 'free' if you buy soap! A spoon is free if you buy coffee powder! A pencil is free if you buy a car! A car is free if you buy an airplane! A helicopter is free if you buy a ship! Thus, the level of the freely offered article depends on the level of the article to be sold. When they say 'a blade is free if you buy a soap', there is in fact nothing that comes free. Supposing the value of soap is 1 rupee and the value of the blade is 10 paise. The soap capitalist collects the total value of 1 rupee, 10 paise of both the soap and blade in the name of soap only and gives the blade as well along with the soap. The buyer of the soap harbours the illusion that he is getting the blade 'free'.

Or, let us say the soap capitalist gives the soap for 1 rupee only without increasing its value. If he gives blade really free along with the soap, it means that the buyer got commodities of 1 rupee 10 paise value for 1 rupee only. It means that the soap capitalist is giving up, for the sake of the buyer, a portion of 10 paise in the surplus value that he gets from the soap. The soap capitalist can do this even without any connection with the blade. He can give the soap of 1 rupee value for 90 paise only. The essence of both the methods is the same: whether he gives the commodities of 1 rupee 10 paise value for 1 rupee only or he gives the commodities of 1 rupee value for 90 paise only! The buyer gets a value of '10 paise' free. But, in the method of offering soap at a reduced value without a blade, the buyer of the commodity will not have the feeling of 'joy' that he is getting one commodity 'free' along with another commodity. The capitalists choose only such ways whereby they keep the buyers in 'illusions' and sell their commodities. The capitalistic advertising is one such way.

A more disgusting way is to sell commodities by 'lottery' system. They draw lottery on the numbers of the bills of the buyers and give some prizes to some people. The capitalist grabs this entire cost of prizes from the buyers of his commodity. He distributes some portion of it, under the name 'luck', to those who 'win' in the 'lottery'.

The first and foremost of all the immoral and degenerated methods of selling commodities is the invariable use of women in advertisements. Even though women do not use a given product, the advertisement should invariably include women. If we take an advertisement of a 'baniyan' (a brief worn by men), a 'young woman' should invariably accompany that man, who wears that brief, with her eyes filled with 'desire' for that man. There may be one in hundred or ten millions of advertisements that does not exhibit the body of woman!.

Another way of selling commodities is gaining ground at the moment as a 'civilised' form. According to this system, capitalist buys each and every programme that appears over television, radio and in the newspapers as their advertisements. The sophisticated name for this is 'sponsorship'! A 'State' is expected to spend some portion of its income (taxes) on television and radio and give some programmes to the 'public'! But, the main aim of the capitalist State is to make business even out of radio and television. For the sake of earning money, the State sells away the 'time'

of every programme to the 'private capitalists'. It follows that the capitalist who buys that time bears the cost of production of a given programme and pays the charges for the time during which a given programme is broadcast/telecast. Since a capitalist pays the entire cost of a given programme, they announce that the capitalist has sponsored it. Along with that announcement, they broadcast/telecast the advertisements of the commodities whether it is a 'sport', 'song', 'play', 'dance', 'music' or anything else...that programme serves as an advertisement for the commodity of the capitalist. Under this (sponsor) system, all programmes, all arts have to 'serve' as advertisements of the commodities of the capitalist.

Thus, under the system of advertising, strange, disgusting and newer methods that supersede one another come into existence. All this means that the phenomenon of 'competition' is growing to an intense level! It means that sale of each commodity in the society is becoming more and more difficult than in the past! Today, no capitalist is able to sell his commodities with simple advertisements that do not include any techniques. Each one of the capitalists is spending unimaginable amounts on advertisements.

Let us say that out of 10 pages in a daily newspaper, at least 4 pages contain advertisements. Which means, 40% of the whole paper is spent merely on the advertisements of the commodities. We may find the same percentages of advertisements in weekly and monthly magazines as well. If we assume that there are a thousand papers in the whole society, all of them devote daily 40% of space to advertisements! That is, 400 out of thousand papers constitute the cost of advertisements.

40% of the total paper produced in the society, a proportionate quantity of ink, photographic films, cameras, setting material, means of transport that transport the material...all these things have to be spent on these advertisements. Likewise, we have to see all other kinds of advertisements individually. If we combine the costs of advertising of all kinds of commodities found in the society, that sum will be an unimaginably big amount. From where does the capitalist class bring this sum? From the 'mass of production' that is produced in the society. That is, from the 'social surplus value'. It is no exaggeration if we say that at least half (50%) of the total mass of production is spent on advertisements.

If we can find out the correct calculation, that cost can even be more than that half.

While the workers performing bottommost manual labours live in dire poverty without even umbrella-sized huts, without even a square meal once in a day, without an opportunity to drink clean water except from wells and ditches, without clothes, without medicines, without education, without transport facility and without having a single article throughout the life, many products acs and lacs of tons of wooden planks, card boards, cloth, iron, coal, paper, colours etc., which the poor produce are wastefully spent on the advertising activities every year. This frightful cost is inevitable under capitalism. It is not at all possible to imagine the sale of the capitalist commodity without advertisements. Which means, it is inevitable for the society to spend a large part of its production wastefully every year under capitalism. To meet this wasteful expenditure, it (the society) has to extract surplus value on unimaginably large scale!

This expenditure goes on increasing from time to time. The society can bear this increasing expenditure since the social productive power keeps rising and thereby 'mass of production' too. It would become possible to spend more products than in the past on the advertisements from that 'mass of production'.

As the 'expansion of capital' and competition increase, 'increasing advertisements' alone appears to every capitalist as a means to withstand competition. The capitalist system will not have any other way than that. Owing to this situation, the working class will not only be subjected to terrible exploitation economically, but it becomes a slave to the 'culture of advertisement'.

Some advertisements are exclusively connected with the customs and ideas of 'culture'.

- "A male soap! It is meant for 'men'!"
- "A male moped! Only real men use it!"
- "A magazine that strikingly exhibits manliness! Filled with manhood!

  Not a womanish magazine like others!"
- Garments that are apt for the delicacy of women!

  Garments that show your bodies like tender leaves!"

- "Eye-creams and saffron-powders that blossom the flower-like faces of the women!"
- "Ornaments that add beauty to Deepavali, a festival of lights!"
- "Dressing that give light to 'ugadi', the New year's day!"

These advertisements are connected with the false ideas of culture in the society.

An advertisement says that men and women should have different kinds of soaps because men's bodies are strong and women's bodies are tender. Many men and women believe this. They don't get a rational question such as: 'Dogs should have special kind of soaps; why should men as humans, have special kinds of soaps?' Again real and pure men will be different even among these men! They use particular mopeds and particular garments. Whoever does not use them, they are 'low grade' men. It is the same case with advertisement of every commodity. The commodity seller, who is obsessed with sales, crackle something or the other. All this is cultural filth acquired in exploitative societies!

So far, we have seen about 'the business advertisements' connected with the sale of commodities. But, all the advertisements will not be business related. There will also be some advertisements connected with the personal needs of the capitalist and the worker.

An advertisement reads as follows: "Yesterday I traveled from so and so place to so and so bus. I forgot my bag in the so and so numbered seat. If any one has found my bag, I request him to hand over my bag to me. I will pay suitable reward"...If a capitalist issues this advertisement, he would pay its charges from his 'income'. What is the source of his income? It is part of the surplus value of the commodities that he gets produced. Which means, whether it is the cost of business advertisements or personal advertisements of the capitalists, it belongs to the surplus value of his commodity.

If a worker has given this 'bag-advertisement', he would bear its cost from his 'wages'.

Here we have to understand a point in detail. Let us keep the 'new' society in view. Suppose that all people are doing 'labour'. Society will inevitably incur some additional expenses due to 'forgetfulness'. Suppose a person has to go on a cycle from one place to another to get 2 articles.

Let us say that he went to that place, picked up a bag of an article and tied it to his cycle, but forgot to get the second article. After he came back to the first place, the second article came to his memory. Then what should he do? That person has to travel once again on that cycle. This second trip again consumes some time. It again involves wear and tear of the cycle. If that person did not have that 'forgetfulness', the whole work would have been completed in the first trip only. But, more expenditure was incurred on that work due to 'forgetfulness'.

Suppose that a person engaged in boiling the milk in a 'common kitchen' is boiling 10 litres of milk. Let us also suppose that a litre of milk over flew due to forgetfulness of the person concerned as he was paying attention to some other thing. Had that forgetfulness not happened, 1 litre of milk would not have gone waste. Moreover, some water, some detergent powder, wear and tear of broomstick, time to do the work of washing the place where milk overflow---all these costs are spent additionally. Since 'forgetfulness' is a natural characteristic, we have to add the cost of losses, caused due to forgetfulness, to the products that we use (in our example 9 litres of milk). It means that 9 litres of milk incurred so much cost (including the wastage due to forgetfulness). While producing articles, we treat the 'wastage' related costs also as costs connected with the article. Similarly, society has to bear the costs of all the forgetfulness-related instances as natural costs. However, as 'sense of responsibility' and 'discipline' are acquired further and further, these costs connected with 'forgetfulness' will diminish. However much they may diminish, they will not cease to occur. After understanding these things about 'forgetfulness', let us again see the incident of 'forgetting' the bag in the bus!

A person has forgotten a 'bag' while travelling in a bus in the 'new' society. What will happen then? Other passengers in the bus will hand over that bag to the bus workers. Or, if other passengers do not notice the bag, the cleaning workers of the bus would at least notice it and keep it in a secure place. In the meantime, the person who forgot the bag would come to the bus station and collect this bag. Even when the entire thing happens in this manner, some additional costs are incurred due to this incident of forgetfulness. Some space and some arrangements to keep securely the lost articles of the passengers and coming of the passengers

to this place...all these things involve additional costs. But, these are inevitable.

Supposing a passenger cannot recall where he lost his article. He might have visited five or six places. If he cannot recall where he lost it, he can't go to any place for that. But, some body will find that article wherever it was lost. Those people will hand over that article to an organisation that undertakes responsibility of such kinds of articles. The people in that organisation hand over that article to the concerned 'owner' if they can locate the owner depending on the details of that article. But, let us say they cannot locate the details of that owner through that article. The owner of that article too will not know as to where to go for his article; the people who kept it securely too will not know where the owner is! In such special contexts, it becomes necessary to 'announce' in some manner or the other. That announcement will say thus: "such and such article is found at such and such place; its details are like this. The owner of the article may come and collect it." In this manner, that article will reach its owner. This announcement will not be an 'advertisement'. The owner of the article need not bear the cost of this announcement. In case, the person who found the article hands over it to its owner, without the need of an announcement, even then the owner of the article need not give him any 'reward'. It is a natural responsibility of every person to hand over the found article to the owner. That responsibility is a part of the nature of 'new human relationships'.

Another kind of 'personal advertisement' in a capitalist society will be as follows: "Somebody kidnapped our children. These are the details of the children. They were wearing this particular kind of clothes. Kidnapping took place at a particular place. Kidnappers ran and escaped. A reward will be given to those who inform the whereabouts of the children." Thus, kidnappers take away children and women and sell them to brothels and such places where they are made to work without wages. Or, they kill them and sell their limbs to private organisations that conduct medical experiments. Or, they even 'sacrifice' children for the sake of new buildings and new factories. Many such frightful and lowly incidents that are unimaginable to the general view do take place daily. All these crimes are committed with money motive. Owing to these crimes, these advertisements will be necessary.

In the capitalistic anarchic society, it so happens that the children

themselves run away from their homes. In many families, fathers are 'autocrats' and mothers are 'dependents'. Children do not get enough of affection, protection and discipline. The entire climate of the society is contaminated with all sorts of addictions and false films. Owing to this kind of factors, many children fall prey to various addictions and run away daily from their houses with a sense of peacefulness, ignorance and hope that they can escape from the worries. Many announcements that come under the title 'missing' belong to this category. Whether others kidnap them or they themselves leave their houses, in whatever way it might happen, all these conditions are the creation of exploitative societies. These things keep happening in a large number in various forms.

There will be some personal announcements that remember and express sorrow for those who had passed away. If children die, parents publish their 'sorrow' in the papers; if wives die, husbands publish their 'sorrow'; if parents die, children publish their 'sorrow'. Thus all these people publish their sorrow in the newspapers. A husband (it is irrelevant whether this husband is a worker or a capitalist) laments once in a year for 2 or 3 years for his dead wife as follows: "I have not been sleeping since you passed away. I am not able to forget your divine face. You have become immortal in the presence of the God. You have left me. I can never forget you. Your 'dear husband'." That is how it goes. We should not have any illusion that husband himself wrote these words in this announcements. He would give money to some hired writer and get it written. It means, a hired writer laments over the death of this gentleman! Or, else, this husband goes to the advertisement-company and sees some sorrow-announcements and selects one of them and pays money. Later, that announcement appears in the paper. The words in that announcement are new even to that husband. He would start enquiring whether his relatives and friends have seen that announcement. This gentleman did not have sleep, he says! He is not able to forget her divine face, he says! That is, he was making attempts to forget her and sleep, but it was not possible! Had he gone to sleep, the problem would have been solved! It means, now the whole problem is that of sleeplessness! 'You had left me! You reached the presence of the God!'...This is his persistent complaint. "You have gone over there and sat comfortably!" This is what he means! To whom did this husband say all these words in this advertisement? Do we say that he said all this with a belief that his dead wife would read it? No one would say so. Then, whom does he want to

read this announcement? He wants all those people who know him to read it! He wants all of them to react like this: "Aha, how much love does this gentleman have for his wife?" Those who do not know him too should think of him thus after seeing this announcement: "Some gentleman is so sorrowful for his wife! How great he is!" The motive for the husband's paper sorrow is that all people think so about him and he would secure lot of fame. But, it is pity that the husband will not get any benefit from 'fame'. Which means, the gentleman will never get a second wife. It is because no one would think that such a good person, who loves his dead wife so much, will not again raise his eye and see another women. Therefore, if this gentleman gives this old type of announcement, there would never be any 'hope' of getting a new wife. That husband cannot do anything except to roam, carrying the burden of that fame. Hence, if that husband was a little clever fellow, he should have written like this: "I have not yet been able to secure a proper cook, maid-servant and a bed-mate since you died." It is disgusting for me to face these problems"...This is how he should have written. Capitalists, any way, talks very unabashedly about their commodity-bargains and business terms. Likewise, if this gentleman too openly tells his actual problems that he is facing due to his wife's death, the listeners too will feel relaxed. There will not be any confusion! He would at least get good 'marriage alliances' again due to such advertisements. What will any husband do with an empty fame, except to break his head with it? That is why, many husbands issue 'loving announcements' for a couple of years only and then stop.

Whether these kinds of announcements are issued by the parents about their dead children or by friends about their friends, by anybody about any one...the whole thing is a ritual to 'show off' in a big way. Should the parents cry in the newspaper for their dead children? What is the meaning of this 'show' if not expecting that others should think thus: "How great is their love for their children!" Parents would definitely feel sorry when their children die! They are depressed by dejection. Good friends and relatives stay with them for some time to console them and share their sorrow. As time passes, parents gradually recover from the intense sorrow. Just because of that, they don't forget their children completely: whenever they meet such friends and relatives whom they trust that they could understand and share their grief, parents will talk about their children. Thus, they retain their children in their hearts

throughout their lives. There will not be any place for advertisements in this natural behaviour. But, in the capitalist society, every natural feeling vanishes and instead pretence, hypocrisy and obsession for fame so as to project oneself as the best person in others' view...all these features are interwoven.

In the capitalist society, the advertising companies, right from their emergence, need many advertisements. They cannot do business simply with the commodity advertisements. Hence, they innovate different methods of advertising. If new methods of crying for the dead in the newspapers are innovated, papers and advertising companies will get enough of advertisements. Those who issue advertisements will get enough of fame. When all the people are stuck to false ideas and false values, those that cry in papers will really get fame among such people.

In this manner, we have to classify advertisements into 'commercial advertisements' and 'personal advertisements' and try to understand the unnaturalness of each advertisement.

Some advertisements of the State will be neither of these 2 kinds. They are related to the propaganda of the State. Those advertisements say like this: "We (the State) have done this and we have done that under such and such 'scheme'; we have achieved this much programme and that much programme." The entire cost of these advertisements have to be spent from the State income.

7. Cost of 'money'

In a society where sales and purchases exist, 'money' is required to carry on those activities easily. To have 'money', the commodity that functions as 'money' should be there. Society selected silver and gold as money commodities since the past. Let us refer the 2 metals with the same name: 'gold'. If we consider the period of time when gold coins are in circulation, the society has to use some portion of the annually produced gold to make money coins. Unless those coins are available, it is not possible to exchange commodities with money. Those coins get worn out while moving in the 'function of circulation'. Worn out coins should be taken back and new coins have to be released again. Which means, owing to 'exchanges', some gold will be consumed every year in its function of 'circulating as money'.

At present, gold coins are no where in circulation in the world. But, each country has to keep some gold in 'reserve' in its 'Central Bank'. It has to keep gold in the bank and keep paper notes equivalent to its (gold's) value (or as per some condition) in circulation. If gold remains in the bank without being worn out, paper notes are instead circulated outside. If gold is not kept in reserve, there will not be any basis for the quantity of paper notes to be released.

When one country has to pay some money for the commodities it bought from other countries, it has to give only gold and not paper notes. The State too, for this purpose, requires some stocks of gold. Thus, owing to the existence of 'exchange' system in the society, some portion of the produced gold always has to lie down in a corner of the bank. It will not be possible to use it for any purpose. Keeping it in a corner itself is a purpose. This is a strange purpose.

Now, if you see the case of 'paper notes' that circulate outside (also different denominations of coins), some crores and crores of notes (also coins) are required to function as money for the whole society. For these notes (and coins) tons of paper (and metal), ink, printing presses, buildings, means of transport for their transportation and many such means of labour will be consumed. Thousands and lacs of employees are needed to carry all these kinds of activities: printing of the notes, counting them, driving the vehicles that transport notes (and coins), guarding the money bags and such other activities.

As the 'social capital' keeps expanding, the quantity of commodities that circulate will keep on increasing. Therefore, the quantity of money too should increase. Both gold stocks in the reserve and outside paper notes too should increase.

Though 'exchanges' were present in the past societies, a major portion of the products do not go into exchanges. Therefore, money coins need not be available in large quantity in those societies. But, under capitalism, mass of money should be available in large quantity since the entire production has to pass through exchanges only.

This whole expenditure that is spent in the name of 'money' is not a naturally necessary expenditure either for the making of products or their consumption. This expenditure is necessary simply because there are sales in the society. This expenditure does not add to the value of the

'product'. Some means of labour out of the 'total mass of products' produced in the society and some living labour will go on being consumed every year for this 'need for money'. This whole expenditure is spent from the 'State revenue (income)'. That is, from the 'taxes' that the State receives.

What is the connection between the 'value of a commodity' and the 'cost of money'? Some portion out of the 'value of the commodity' goes as taxes. Some portion of these taxes will be spent on the 'cost of money'. It means, some portion from each individual commodity (or if we look at it differently, a portion from the total social production), will be spent on the need for 'money'. This is a wasteful expenditure.

If we imagine a society without exchanges, there will not be any need to keep 'gold lumps' in the bank since there will not be a need for 'money' there. (There will not be a bank at all, in fact). There will not be a need to print paper notes. It means, there will not be a need to spend wastefully a big portion from the society's production in the name of 'money'.

So far, we have seen 7 kinds of costs as 'costs of circulation'. These costs are incurred not in the 'production process', but in the 'circulation stage' that precedes as well as follows the 'production process'. Some of these costs add to the value of the product and some costs do not.

By the time an article come out of the 'production process', it contains 'some value'. Later, all the natural costs incurred in the 'circulation process' add to it gradually and thereby its value keeps rising. No article comes into the market (consumption) without the addition of 'cost of circulation'.

When a person purchases an article, he pays the 'cost of production' as well as the 'costs of circulation' of that article.

Supposing a person bought 1 metre of cloth by paying Rs.2. Towards what costs did he/she pay that value of Rs.2?

It means that he/she paid for making of the cloth, for the work connected with its 'storage', 'transport' and such other natural requirements. The sum total of all those costs is Rs.2. The buyer pays the whole value and receives that cloth.

The production, storage and transport connected with the cloth...each one of these constitutes one 'production process'. If the same capitalist carries out all these activities, surplus values will come to the same capitalist. Or, if these stages are organised by different capitalists, the surplus value of the concerned production stage will go to the capitalist connected with the concerned stage.

If a commercial capitalist buys some commodity from a productive capitalist and keeps it in his 'store' for some time, then it means that the commercial capitalist too organised a 'production process'.

If all the costs of circulation connected with the packing, storage, transport, advertisement, sale etc., incurred are less than the average or on an average, the surplus value that comes from the sale of that commodity will be more. Supposing, the sale of commodities does not take place rapidly and hence commodities are kept in the store for a long period. More advertisements are given for that commodity. If more unproductive costs are incurred before commodities are sold, then the surplus value that comes from those commodities will be less.

What the capitalist gets when the commodities are sold rapidly will be something different from what he gets when sales are delayed. That is why, the capitalist as well as his economists think that 'profit' arises from the 'process of sales' (that is 'circulation process'). But, what happens in the 'process of sale' is that profit is either somewhat more or somewhat less. But, the entire profit is produced in the 'production processes'.

When we speak of 'production process', it implies that we are talking not only about the process of making the commodity but also about storage and transportation of the commodity. The process of making the commodity, its storage and its transportation...all are processes of production only. 'Some labour' is spent in each process. That is, each process adds some 'value' to the 'commodity'. Finally, the process of 'selling' that commodity will be the 'circulation process' of all the production processes.

We know that it is 'profit' that remains after deducting all the costs from what is obtained by selling a commodity. Profit increases if each of those costs is incurred less than the average and profit decreases if the costs are more than the average.

The act of obtaining profit (either decreased, increased or average profit) takes place in the 'circulation process'. But, production of 'profit' does not take place in the 'circulation process'. This has to take place only in the processes of production. The birthplace of profit is 'process of production' only.

But, all this does not concern the capitalist. He understands things only as they appear outwardly.

After we began to examine the 'costs of circulation', we have found that some of them are 'natural' and some are 'unnatural'. But, the capitalist's conception of the commodity value does not make such distinction as: "this is natural" and "This is unnatural". In his view, all costs are alike. He adds all kinds of costs, which he incurred and adds his 'profit' over that and fixes that sum as the value of the commodity. When he sells the commodity, the entire value returns. Looking at it, the capitalist thinks that all those costs are 'proper'.

The way the capitalist grasps the aspects concerning 'value' and the real way to grasp; the way the capitalist calculates the commodity value and the real way of calculating it are entirely different.

We, who have also examined the 'costs of circulation', will now once again examine the 'commodity value'.

We have to keep before us only those costs, which the capitalist shows with regard to a commodity. We have to examine the issue only on that basis. We have to categorise those costs according to our understanding. Only after categorising like that, we can ascertain the 'constant, variable and surplus value' spent on the commodity.

The commodity that we are going to see now is not 'coarse cloth'. Coarse cloth will not involve cost of advertisements. Let us call this commodity 'silk cloth'. Supposing all production processes connected with this cloth are organised by means of a single capitalist. Let us say that he alone has all facilities like storage, transportation etc. Let us see all the costs that will be incurred until this commodity is sold in the market. All these calculations are those that the capitalists showed.

Value of 10 metres of silk cloth is Rs.200

1)	Means of production	40
2)	Wages in the 'production process'	20
3)	Means of packing and storage	2
4)	Wages connected with parking and storage	3
5)	Means of transport	4
6)	Wages connected with transport	5
7)	Interest	10
8)	Land-rent	8
9)	Taxes	7
10)	Commercial commission	20
11)	Advertisement	50
12)	Over-head charges	3
13)	Productive profit	28
	Value of the commodity	200

What are the costs really incurred for the sake of this commodity in this account? What are the costs that have no connection with this commodity? How much is the 'surplus value' obtained from this commodity? Who are the persons that produced the surplus value? We have to see these questions. Though it appears to be a 'big calculation', it is very easy to see them.

All the means of production are..... **c**.
All the wages are..... **v**.

If we deduct **c+v**, all the remaining items come under **s**.

The total means of production consumed for this cloth = means of production is 40+means of production consumed in packing and storage is 2+means of production consumed in transportation is 4=46. This is the value of means of production consumed in all the 3 production processes taken together. This is total **C**.

Similarly, the total wages consumed in 3 production processes=20+3+5=28. This is total **v**.

The cost of means of production consumed in 3 production processes and the cost of wages taken together=46**c**+28**v**=74.

If we deduct this 74 from the cloth value of 200, all that remains is surplus value. It is 200-74=126.

Details concerning this surplus value are as follows: Interest 10 + rent 8 + taxes 7 + commercial commission 20 + advertisements 50 + overhead costs 3 + productive profit 28 = 126.

Then, what is the rate of surplus value?

$$\text{The rate of surplus value} = \frac{s}{v} \times 100.$$

If 28 wages give 126 surplus value,

100 wages give.....?

$$\frac{126}{28} \times 100 = 450\%.$$ This is the rate of surplus value.

It means that 100 wages gave 450 surplus value! All the productive workers worked in 3 production processes connected with this 'cloth' gave 126 surplus value with 28 wages. How can we know the amount of surplus value that workers in each production process gave?

We have to divide the 126 surplus value as per the proportions of wages. The proportions of wages=20+3+5=28.

1) **s** that the workers of the first production process gave:

$$\frac{20}{28} \times 126=90.$$

2) **s** that the workers of the storage-production process gave:

$$\frac{3}{28} \times 126=13½.$$

3) **s** that the workers of the transport-production process gave:

$$\frac{5}{28} \times 126=22½.$$

If we divide 126 surplus value as per the proportions of wages:

$$90+13\frac{1}{2}+22\frac{1}{2}=126.$$

Here again, we may take wages and surplus value of 'each production process' and see how much surplus value each worker gave.

It has become clear that 20 wages produced 90 surplus value in the first production process. How many workers worked with these 20 wages? Let us say 4 workers worked. The wages of the workers will be different according to the different labours that they perform. Let us say that the details of the wages here are as follows: The wage of one worker is 6. The wage of another worker is 4. The wages of yet another two workers is 5 each. The proportions of those wages are as follows: 6 + 4 + 5 + 5 = 20. This 20 wages produced 90 surplus value.

1) What is the **s** of the worker with 6 wage in 90s?

If 20**v** gives 90**s**,

6**v** gives ..... ?

$$\frac{90}{20} \times 6 = 27.$$

It means that a worker with 6 wage gave 27 surplus value.

If we see this in terms of rate, the rate of surplus value is 450%.

We have to see other examples also in the same manner.

2) What is the **s** of the worker with 4 wage in 90s?

$$\frac{90}{20} \times 4=18.$$ 4**v** gave 18**s**. Rate of **s** is 450%.

3) What is the **s** of worker with 5 wage in 90s?

$$\frac{90}{20} \times 5=22\frac{1}{2}.$$ 5**v** gave 22½**s**. Rate of **s** is 450%.

4) Since the wage of this worker is also 5, whole thing is identical with the 3rd example.

All this is connected with the first production process that produced the cloth.

If we know these details, we will be able to see all such details as: what is the total surplus value that comes from the commodities? How much of it came in each individual stage? How much did each worker give, and so on!

The capitalist can show the expenses in any number of ways. But, some of them fall under **c**, some under **v**. After deducting these 2 types of expenses, all that remains is **s**.

The total **s** in this 'cloth' example is 126. Did all this go to a single capitalist or different capitalists? This is an important question. The main point of concern for the workers is the fact that a total value of 126 that the workers, who worked in different production processes of this commodity, gave has not come to them.

The essence of the matter concerning the 'costs of circulation' is the following. There would be certain production processes even after the production of a commodity. All those costs add to the commodity and the value of the commodity rises further. No commodity reaches the consumers without the addition of costs of storage and transportation etc. Whether it is 'production process' or 'circulation process', there will be many unproductive costs as well. These kinds of costs do not add to the value of the commodity. They don't increase the value of the commodity. These costs have to be paid from surplus value. In other words, the sum total of all these unproductive costs is 'surplus value'.

Questions :

1. What does 'circulation process' (or 'circulation stage') mean? What are the activities that take place in this stage?
2. Is 'tailoring' a process of production that takes place in the 'circulation stage' or not? Why?
3. You have purchased 1 chair with Rs.10 in a shop. You put it on a cart and brought it home. You gave Rs.2 to the cart. What is the value of the chair that reached home Rs.10 or Rs.12?

4. Your friend too bought the same kind of chair from the same shop at the same value. His house is very far from that shop. He gave Rs.5 to the cart that brought the chair. Then the value of the chair that reached his house will be Rs.15. Is it wrong to say that the value of your chair is Rs.15? What is the value of the chair that is still in the shop?
5. Who is a 'consumer'?
6. What does 'productive' consumption mean? What does 'personal' consumption mean? Explain with example.
7. What are the items that involve expenses in order to carry on 'buying' and 'selling' activities?
8. What is the category to which the wages of employees engaged in buying and selling activities belong?
9. Supposing the value that adds to a shirt in the 'productive process' alone is Rs.10. Let us say, its exchange expenditure is Rs.4. Will the value of the shirt be 10+4=14? Or, 10-4=6? Or, will it remain 10 only?
10. How can we prove that exchange-related activities are unnatural?
11. Exchange expenditure does not add to the commodity value. But, the commodity owner pays this expenditure from the commodity value. How is this possible? Explain.
12. What do 'costs of circulation' mean? Will they add to the value of the commodity? Ask teachers of economics whom you know about these things.
13. Let us say that there is '2 surplus value' in a commodity. 4 have been spent on the exchange activities connected with that commodity. What will happen then?
14. The value of 100 pencils is Rs.50. Their exchange expenditure is Rs.3. What is the exchange expenditure for each pencil? How many pencils, out of the total 100 pencils, are consumed as 'exchange expenditure'?
15. A worker has bought some rice. Will the worker also pay the exchange expenditure connected with the rice?

16. A woman worker is working at a place of production. Her wage is Rs.2 per hour. Every week, she is spending '4 hours' for standing in the queues in front of the shops or bargaining in order to buy commodities necessary for her house. Is this cost necessary or unnecessary? She spends Rs. 2 on transport to go to the market. Will this cost of transportation add to the value of purchased commodities or not?

17. Is cost of postal registration natural or unnatural?

18. A capitalist could not sell his commodity 'in time'. He spent 20 while he should have spent 10 on storage. How much of the surplus value will diminish when the commodity is sold?

19. A capitalist rented a friend's house in order to store his commodities. He is paying 20 rent while he should have paid 10. Can that fellow add all this as cost of storage?

20. To what category does the labour of a storekeeper belong?

21. Why does transportation become a production process within circulation process?

22. Let us suppose 100 kilos of sugar as a commodity. Rs.30 have been spent on the transportation of its raw materials. Let us set aside the transportation of means of labour. Let us not take it into account. Let us also not take 'wastage' into account. Let us say that 100 kilos of sugar is produced with 100 kilos of raw material. Rs.20 is spent to transport those 100 kilos of sugar to a 'hospital'. What is the 'cost of transportation' on 1 kilo of sugar?

23. Labour of workers who work in the security press where money notes are printed and the labour of workers who work in the 'mint' where money coins are made¾is this labour productive or unproductive?

24. The details of 2 production processes connected with 'coal' are as follows.
    1) The production process in which coal is extracted: 6c+4v+8s=18.
    2) In transportation: 8c+5v+10s=23. Supposing the coal capitalist does not have his own means of transportation. Then, that fellow will pay transport charges to another capitalist. Then how will

be these coal calculations? Will the surplus value of this commodity change?

25. How many cloth shops are there in your town? How many thousands of metres of cloth might be there in those shops?

26. What is the source for the society to spend towards the costs incurred on the 'security' arrangements surrounding the ministers, governors and presidents.

27. How many forms of advertising are there?

28. You have seen an advertisement in a magazine asking you to read that magazine only. What is the source of payment for that advertisement?

29. Collect information regarding the nature of activities in an 'advertising company'.

30. Here are some 'advertisements'. We can criticise each one of them from many angles. For example, see the criticism given under the first advertisement. Write your criticism to every advertisement like that.

    1) This is an advertisement about mosquito destroyer. "Believe it or not! Mosquitoes are there even in Japan! Use our mosquito destroyer" (If a country is capitalistic country, 'however great' it may there will be always be mosquitoes and flies! We have to use mosquito destroyer; but attempts to destroy mosquitoes are not made there! The capitalists who earn profits by selling mosquito destroyer wish that mosquitoes should always exist in the society. Is it not possible to destroy mosquitoes and flies completely? Why is it not possible? Will we not destroy mosquitoes in no time if we first destroy capitalists? Scientists say that mosquitoes live on pigs. But, we have to modify these words a little. Mosquitoes live on 'capitalistic pigs'. Not only mosquitoes but all kinds of worms and insects and all kinds of diseases that inflict human beings live on the capitalistic patronage)...Write your criticism like this on all the remaining advertisements; at least in 1 or 2 sentences.

    2) In an advertisement, a young woman, taking sidelong looks, says thus: "He likes such and such aristocratic garments. That is why I like him."

3) "Forget about lacs! Now, think about crores! Buy our lottery tickets today itself! Each ticket costs Rs.10 only! Buy at least 100 tickets. You will definitely become a millionaire."

4) "Use these paints for your house. Look like a high-ranking and high-status person."

5) "Our high status garments make you appear a high ranking person."

6) "Our stove prepares food in minutes. Now, the housewife is relieved of labour of cooking. Use our stove!"

7) "Look, our transport company has not increased prices though all prices are increasing these days. Our company is the biggest of all transport companies. Largest collection of trucks, hundreds of offices, thousands of officers and workers¾owing to these factors, we are able to offer our services at less charges."

8) "Don't ignore the goddess of luck. So and so person spent a pauper's life though he did 2 jobs until six months ago. Today he is a big millionaire. What is the reason? Our lottery! The goddess of luck! We can't say! She may marry you this time!"

9) "So and so film actress uses this soap, do you know this?"

31. Collect 10 advertisements: 5 commercial and 5 personal and write criticism of them!

32. Do you buy commodities by seeing advertisements? Or, you don't believe advertisements at all? What do you do and why do you do so? Explain.

33. Your relative or a friend meets with an accident. Immediately, you begin to send a telegram expressing your 'grief' or 'courtesy'! You go to the telegraph office and ask them to give you the 'list of sad messages'. You will find many ways of expressing your 'sad feelings' as follows: "I am feeling sorry from the bottom of my heart!" "I am feeling sorry from within my soul!" "Heartiest condolences", "Crying day and night", and so on. You go through those messages rapidly, select one of them, pay the money, finish that 'job of feeling sorry' and go away. On happy occasions too, the happy messages that you send to your relatives will also be in the

same 'style'. Do you think all this is 'right'! Or, do you think that all this is hypocrisy of capitalistic human relations? Collect lists of happy and sad messages notified in the telegraph offices and discuss them.

34. You had to face a 'problem'. None of your relatives and friends has visited you. Except one or two people, others have not even written letters. But, almost all people sent about 100 telegrams. Couple of people showered sympathy on you through newspaper advertisements. What if there is not a single person who can spend 4 days with you so that you can express your feelings? You have hundred telegrams and newspaper advertisements before you! What do you say?

35. Have you ever seen condolence advertisements of the workers for their dead capitalists? Do you really feel so much sorry for your capitalist?

36. Write your opinions about the sponsor system, whereby you give your writings and arts as means of advertisements for the commodities of the capitalist.

37. Tell 5 advertisements concerning the propaganda of the State.

●

Chapter 2

Capitalist Price

The capitalist commodity, having come out of the 'production process' and having passed through certain phases in the 'circulation process', entered into the market. Now, the capitalist has to sell it. It has to go into the hands of the other capitalists or workers and in return its owner should get money into his hands. If he deducts the 'expenditure of capital' from that money, surplus value remains.

It means that a commodity is still in the 'circulation process' until it is sold. Costs of storage will still continue.

Let us say that the value of a commodity lying in the market is 14.

This is the total value that commodity acquired both in the 'production process' as well as in the 'circulation process'. Such details as: 'which process added what value' are not relevant here. The total value, however, is 14. Out of this, let us say, 6 is constant, 4 is variable and 4 is surplus value.

Now, this commodity has to change into 'money'. That is, this commodity has to go into the hands of another person and Rs.14 have to come from that person to this capitalist.

In chapter 'Money form' in part 1 of volume 1, we said that 'price is nothing but the value that changes into the form of money'. From the beginning, we have been saying that 'value itself is price'. Which means, according to that formula, the 'price' of the commodity should be 14 since its value is 14. If the capitalist sells this commodity, 14 money has to come back in return, isn't it? But, here we have to proceed slowly with an answer 'no'. The formula that 'value itself is price', which we have been stating since the beginning, applies 'as it is' only to the commodities of the past societies, but not to the capitalistic commodities. Here, 'some change' takes place in the formula 'value itself stands as price'. Hence, a special term 'capitalistic price' emerges.

If the formula 'value itself is price' applies also to the capitalistic commodity, our whole examination will have come to a very comfortable and smooth end by now. It would have meant that we have already reached the last and final point in learning 'economic science'. But, we have not reached that final stage. Here, value and price will not be identical. They will be 'somewhat different'. In order to understand as to why they are different, we have to travel a much longer distance. The examination beginning from 'value' to 'price' here will not take place as straight and simple as it was in the past societies.

Our journey from here will begin to face unimaginable difficulties. After starting from the value and before reaching the 'price', we have to make our way through many thorny hedges, ups and downs such as the magnitude of capitals, their value compositions, turnovers, cost prices, general profit rates, special profit rates, production prices, supply and demand, market prices etc., and walk falling and rising. In this manner, we fall down here and there suddenly and occasionally and pull out the thorns from our feet; soothing the bruises on the knees; eyes filled with

tears; we walk, walk, walk and walk and reach the capitalist price after a very long time! But, that will not be equal to the 'value'. It will be little more or little less than the value. All our travel experience will vividly explain us as to why it is like that. The entire matter will be clear to us by then. With that, we will surmount all our difficulties.

But in the mean time our difficulties are indescribable. We will be very surprised the moment we hear the statement 'value and price are not the same in the case of capitalist commodities'. We quickly shower such questions as: "Are value and price not the same? Is it not a contradiction? Then, what will happen to the 'law of value'?"

To all these questions, we get a surprising reply from our theory thus: "Yes, it is a contradiction. Many such contradictions will arise on the capitalist foundation that is full of contradictions. This does not mean that 'law of value' does not operate here. Only a little modification takes place. And we are going to see it now." This is our answer!

'Value alone should stand as price, isn't it? Why should a change, which did not take place in the past societies, take place in the capitalist society? The past societies too are exploitative societies, aren't they? Their foundations also contain contradiction, don't they? This is how we question impatiently in the middle.

Our theory begins to answer very patiently thus: A modification in the 'law of value', a modification that did not exist in the past societies, takes place in the capitalist society since capitalism has a specific feature called 'commodity production' which the past societies did not have. That specificity alone slightly modifies the matter here. The situation whereby 'value does not stand as price' exists in the case of individual commodities only. Which means, the price of an individual commodity deviates a little above or a little below from its 'value'. While the prices in certain branches form a little above the values, the commodity prices in the remaining branches form a little below the values. If we consider the commodities of all branches taken together, value and price will be the same in the case of 'total mass of products'. 'Value' will not deviate from 'price' in the case of 'total mass'. It means that the 'law of value' under capitalism applies as it is to the 'total mass'. It does not apply 'as it is' to every branch. This does not mean that the 'law of value' does not operate here. Here also, things happen in accordance with the law of

value. But, here it operates in a form that suits the foundation. In this manner, our theory at the outset tries to explain briefly the actual essence.

But, this reply will not be convincing to us at once. In fact this will not be clear to us. In the first instance it does not at all appear 'rational'. An agitation begins in our mind begins that something has gone wrong somewhere in our theory. Curtains of doubt suddenly flutter in our minds about our theory that had so far got our confidence that it would explain problems much more scientifically. We will be in a flutter as if our theory has lost its way in grasping the reality, as if its whole 'scientificity' is demolished, as if it has contradicted its own statements and as if we lost our battle with the enemy.

As soon as we hear the statement that 'value itself is not price', we feel worried because it contradicts the 'law of value'. We have been assuming right from the beginning that 'value alone' stands and should stand as price'. "A commodity, whether it is of past societies or the capitalist society, is a commodity, isn't it?"—This is how we assume. It is our strong opinion that 'value alone should stand as price', whether it is with reference to the 'total mass' or an 'individual commodity'. Which means we are ignoring the difference between the past modes of production and the capitalist mode of production! It also means that we are looking at the price formation of the past modes of production and capitalist mode of production in an identical manner! It means that we are considering a process (of 'price' formation) not in relation to the specificity of a given mode of production, but as something that is not connected with any specificity and is a mechanical process that takes place in all conditions alike. Thus, it is not our theory that failed but our ability to examine matters that really failed. Since we did not understand it (our theory), we felt agitated in the beginning thus: "Has our theory gone wrong?" But as all aspects concerning 'price' become clear later, we will be able to understand how realistic, how enlightening and how wonderful our theory is and our confidence and love for our theory become deeper and stronger. What we have to do first is to understand things properly.

The process of value formation is identical in all the societies, but the process of 'price formation' is not the same in all the societies.

What is the difference between the past societies and the capitalist

society with reference to 'commodity'? In the past societies, a situation whereby commodities are produced for sale does not exist. There, the major portion of the 'total mass of products' is consumed without any reference to 'sales'. The portion that goes into sales is extremely small. Even this portion goes into sales only from a 'need' perspective.

'Sales from a need perspective' means: If we sell a commodity and with that money if we buy and consume another commodity, then it means that we have sold the first commodity for 'need' only. Instead, if we do the whole thing producing and selling for the purpose of making more money with less money, that is, for the sake of profit, then it is not a 'need' perspective but 'money' perspective. Though the past societies too are exploitative societies, there is a very big difference between their system of selling commodities and the capitalist system of selling commodities.

Even in the 'slave-owing' society and feudal society, while a process of production takes place, we find the cost of means of production, cost of labour power, surplus value, exploitation etc. Yet, they are not such societies that produce exclusively for the sake of sales.

Capitalism is totally a 'commodity' mode of production. In this system, the entire commodity should pass through 'sales' only. The fellow called 'capitalist' undertakes commodity production to earn 'profit' and increases 'capital'. It means that categories and phenomena like capital, profit and 'increasing money', which did not exist in the past societies, enter into this system in specific forms.

'Capital' should get 'profit'! It is not enough if that profit is something or the other. He should get it 'equally' with others. But, is it possible? Will the capitals of all the branches produce profit on the same scale? Will differences not be there? How is it possible to take profit equally if there are differences in producing profit? We will see later as to how it is possible. But, it ought to be possible. In any branch, profit on 100 capital should be identical for all. This condition itself creates a situation whereby 'prices' of the commodities deviate from the 'value', either above or below. This is inevitable under capitalism.

Why have we been saying right from the beginning that both 'value and price are identical' even in the case of commodities of capitalists? The answer is very brief. **While learning a theory, we have to learn it**

in a stage-wise manner. We have to modify things that we learnt in the initial stage in accordance with the subsequent stages. The actual theory is that which appears at the end after all modifications are over. Unless we take into account right from the beginning the general law that 'value itself is price', it is not possible to understand the 'law of value'. As we took all earlier examples accordingly, nothing went wrong in those cases. Since we have come to the issue of 'price' only just now, we will now see the real issue in a proper perspective.

Now, first of all, we have to raise a question. Will the capitals in different branches produce surplus values of equal sizes or unequal sizes?

Let us take the branch of coarse cloth and sugar branch (or any 2 different branches).

Let us take 100 capital from the branch of the 'cloth' and 100 capital from the sugar. That is, equal capitals from the 2 branches. Similarly, let us also take the working periods equally: a day, a week or a month.

The question is: 'Do the capitals of equal magnitudes in different branches produce equal surplus values in equal periods?' No it will not happen so.

Even the capitals of equal magnitude do not produce surplus value equally in equal periods. They produce unequally. It is because many conditions connected with different capitals will differ in many ways. Hence, surplus values will be different.

Here, the situation, whereby capitals of equal magnitudes produce surplus values unequally, pushes us into endless hardships. How does this happen? What sorts of problems crop up?

The capitalist price will not be equal to the value. Why? Hereafter, we have to see things in an order.

First, we have to understand things like 'capital', 'value composition', and 'magnitude of capital'.

'Value composition' means the proportions of constant and variable components in a capital.

Earlier also, we have a few times referred to 'value proportions'.

1. Composition of capital

Let us suppose that in the 'industry' that produces 'coarse cloth', a capital of 100 should include 10 constant and 90 variable, in accordance with the then existing general productivity. This means that a 'labour power' that takes 90 wages is needed to work on means of production of 10 value. It also means that the total labour (**v+s**) consisting of necessary labour and surplus value works on the means of production of 10 value. The number of workers working with those 90 wages is irrelevant here. Details such as how much capital is functioning in the production of this cloth? 2 thousand or 5 thousand are also irrelevant. It means that whatever be the magnitude of capital, the proportions of constant and variable components will be 10:90 (1:9). This condition depends upon the general productive power concerning that work (of producing cloth). This is the composition of components of the capital that functions in 'weaving'.

Will the composition of capital also be 10c: 90v in the machine producing branch since the composition of capital is 10c: 90v in the weaving branch? Should that be so? Should variable of 90-value work on constant of 10 value? Should the proportions of constant and variable in all branches be as 10:90 only? Will the composition of capital in all the branches be the same? It will not be so. **Composition of capital depends upon the specificity of the article produced. That is, depending upon the technical requirements to make that article.** The technical requirements of all the articles will not be the same. Therefore, the proportions of the value of capital that function to make the articles will not be the same. While 'constant' is more and 'variable' is 'less' in the case of one kind of article, constant is less and variable is more in the case of another kind of article.

If we take weaving work itself, the raw material used for stitching a shirt with silk cloth would have more value than the raw material used for stitching a shirt (of the same size) with coarse cloth. 'Constant' portion will be less when the value of raw material is very low and will be more when the value of raw material is very high. In these 2 cases, 'constant' portions will be very different though the 'variable' portions are almost the same.

In the case of making of the same ornament, the 'constant' portion

will be more if the ornament is made with gold than with silver. Whereas variable portion will be almost the same in both the instances.

The 'constant' portion will be more in the case of mining coal than in mining metals.

While more value is required for the constant portion in the production of machines very less value is required for the constant portion in such work as 'tailoring'. Thus, even if we consider different kinds of articles, it is not possible for the constant and variable portions to be in the same proportion when they participate in different processes of production. Therefore, the proportion of constant and variable portions, of capitals that function in different branches and produce different kinds of articles, will be different. This is the first thing that we have to understand. That is, compositions of capitals vary from one branch to another.

What happens if compositions of capitals in different branches are different? The 'masses of surplus value' that those capitals produce will be different.

Let us suppose that at least '10 thousand capital' is necessary to produce 'machines' in the context of the then existing general productive power in that branch. Let us say that there should be 9 thousand on 'constant' and 1 thousand on variable. That is, the proportion of constant and variable components in this capital is 9,000:1,000=9:1.

Let us suppose that at least '2 thousand capital' is necessary to produce 'shirts' in the context of the then existing general productive power in that branch. Let us say that there should be 200 on constant portion and 1800 on the variable portion. It means that the proportion of constant and variable components in this capital is 200:1800=1:9. (The numbers that we took in these examples are not important, essence is important).

These two capitals that function in different branches are in different 'value proportions' (different compositions). Now let us see how the 'masses of surplus value' that these capitals produce would be. To examine this, details regarding total capitals, total constant portions and total variable portions are not necessary. It is enough if we take smaller sample pieces from these capitals of different branches. That is, it is enough if

we take one 100 from the first capital and one 100 from the second capital. Those sample pieces too will have the features of big capitals.

Composition of capital that produces 'machines' is ..... 9:1.

Composition of capital that produces 'shirts' is ..... 1:9.

Now, we have to see how the values of the commodities that the capitals of different compositions produce and their surplus values.

While examining the results of the differences in the proportions of values of capitals, we have to keep constant all other factors concerning those capitals. Which means, we have to keep constant the sizes of the capital, their working periods and their rates of surplus value. We have to keep only the value proportions different and see its results.

The 2 capitals that we took here are hundred each. Which means, both capitals are of the same size.

Let us say that their working period is the same. We assume the same period of time, whether one day each, or one week each for both the capitals.

Let us also assume their 'rates (percentages) of surplus value' be the same. This means necessary time and 'surplus time' in the 'working day' at both the places are alike. If the variable portion of a capital is 10, the rate of surplus value here will be 100%. If variable in the second capital is 90 and hence its surplus value too is 90, the rate of surplus value here also will be 100%. It means that the 2 capitals have uniformly produced surplus values at the same level of the wages. Or, let us say that the first capital produced '20 surplus value' with '10 variable' and the second capital produced '80 surplus value' with its '90 variable'. Even then, it amounts to the 2 capitals producing surplus values at the same level (at the rate of 200%). In this manner, we take the same 'rate of surplus value' for the 2 capitals in our example.

In fact the rates of surplus value of the capitals that function in different branches will not be a straight line. If a capital produces surplus value of 3 times with 10 variable, another capital produces surplus value of 2 times with 90 variable. These differences are inevitable. But, here we should not take these differences into account. As here we have to see here only the 'consequences of the differences in compositions' of capital, we have to keep only compositions differently and keep all other factors

equal. We will definitely on see subsequent occasions about the consequences of differences in the rates of surplus value. We need to see this later. But here, we have to assume that, excepting the compositions of these 2 capitals, all other factors are equal.

The capital that functions in branch 'A' is 100. Its constant and variable portions are 9:1. That is, constant portion is 90 and variable portion is 10. Rate of surplus value is 100%. That is, mass of surplus value is 10. The value of the commodity that the capital produced=90c+10v+10s=110. The surplus value in this commodity is 10. It means that here 100 capital produced 10 surplus value.

The capital that functions in the branch 'B' is 100. Its constant and variable portions are 1:9. That is, its constant is 10 and variable is 90. The rate of surplus value is 100%. The mass of surplus value is 90. The value of the commodity that this 100 capital produced is=10c+90v+90s=190. The surplus value in this commodity is 90. It means that, here, 100 capital produced 10 surplus value.

Here, the 2 capitals are of the same size. Their working period is also the same. Their rates of surplus value (degree of exploitation) too are the same. Though all features are alike, the values of the commodities that these capitals produced and their surplus values are very different. Why? It is because, the constant and variable components of these 2 capitals are different. In any capital, surplus value is produced not by the 'constant' portion but the 'variable' portion. Therefore, while more surplus value is produced where surplus value is produced where there is more variable, less surplus value is produced where there is less variable. If we see surplus values, the same percentage may appear in both the places. But, if we see their 'masses', they will be different according to the differences in their variable portion.

Let us suppose that 10 workers are working with 10 variable in the first capital and 90 workers are working with 90 variable in the second capital. The surplus value that comes from 90 workers will be more than that coming from 10 workers.

Or, let us suppose all the workers required for the first capital are unskilled. Since their wages are normally very low, 10 workers are working there at the rate of '1 rupee wage'. All the workers required for the second capital are skilled workers. Here, only 9 people are working,

let us say, at the rate of Rs.10 wage per head. Let us say the number of workers who work with 90 variable is less than the number of workers who work with 10 variable. Even then, the 'mass of surplus value' of the second capital will also be more since we are assuming the same 'rate of surplus value' for both the capitals. The mass of surplus value will be greater in the case of any capital that consists of more variable portion irrespective of the number of workers. While 10 variable produces 10 surplus value at the rate of 100%, 90 variable produces 90 surplus value at the rate of 100%. When different capitals have the same rate of value but different variable portions, the masses of surplus value that those capitals produce will also be necessarily different.

The variable portions (as well as constant portions) will inevitably be different for the capitals that produce different articles. Owing to the differences in the variable portions, the surplus values that the same-sized capitals produce will also be necessarily different. There may be many more factors for different surplus values even when the capitals are of the same size. It is also possible that a more variable portion may produce more surplus value where there is more productivity. Or, owing to many differences, the variable portions of the same size too may produce surplus values of different sizes. There will be many such differences in the production of surplus value. In whatever we may look at the matter, the values of the commodities produced by capitals of the same size will necessarily be different since capitals of the same size produce surplus values of different sizes.

Here, in our example, the value of the commodity produced by 100 capital in the branch 'A' is 110. The value of the commodity produced by 100 capital in branch 'B' is 190. It means, while the first capital of 100 produced 10 surplus value, the second capital of 100 produced 90 surplus value.

Now, if the capitalists can sell the 2 commodities as per their values, that is if their values stand as their prices, they have to sell the first commodity at 110 and the second commodity at 190. Then, the first capitalist gets back his 100 capital and along with it 10 profit (surplus value. Here, whether we say 'profit' or 'surplus value', both mean the same). The second capitalist gets back 100 capital and along with it 90 profit. The real problem crops up here. They get 10% profit if they

undertake to produce one kind of commodity! 90% if they undertake another kind of commodity!

Here we have assumed the same rate of 'surplus value' for both the capitals. But, let us say that there is no uniform rate of surplus value. Supposing the rate is more at one place and less at another. Whatever be the manner you look at the problem, a situation inevitably arises whereby surplus values are produced differently. It is because the technical aspects will be different for production of different commodities. Due to this, the value composition of the capitals will be different. Hence, the 'variable' portions are bound to be different in the capitals of any two different branches of production. Since variable portions alone produce surplus values, when they are in different proportions, it is inevitable for the surplus values to be different too.

If we consider commodities produced by the capitals of the same size, let us say, a cloth produced by '100 capital' and sugar produced by '100 capital', the surplus values that add to these commodities will not be of the same quantity. They will be more at one place and less at another. Due to this reason, the values of these commodities too will be different.

We have to first understand the fact that values of commodities that capitals of the same size produce are different.

It is inevitable that the values of commodities form differently. However, some kinds of commodities secure much more profits and some secure very less profits if their 'values' stand as their 'prices'. In the example of 2 commodities that we saw, one kind of commodity fetches 10% profit and another kind fetches 90% profit if each of their value stands as its price.

While the capital in one branch secures more profit, will the capital in another that secures less profit keep quiet? Will it not do any thing?

Let us suppose that values alone stand as prices and capitals of the same size secure profits of different sizes. If things happen exactly like this, will the capital that secures 10% profit in a branch remain static in its own old branch, producing its own old commodity as usual while the capital secures 90% profit in another branch?

The real objective of any capital, once it is born as capital, is to secure more profits. A capital, however stupid it may be, will not remain

in a branch that fetches only 10% profit, it sees an opportunity of securing 90% profit by producing and selling another kind of article. What will happen then?

Some portions of capitals in branches fetching less profits plus the surplus values that have to convert into new capitals in the same branches will go to these branches fetching more profits. It means, they begin to produce such commodities alone that fetch them more profits. While this is so, the surplus value of those branches that get more profits too, while converting into new capital, convert into the capital of their own parent branch only, without going to such branches that get less profits. Thus, capitals which function in those branches that secure more profits will become more than societal needs and the products produced in those branches will also become too many.

Due to the increase in products, their prices will diminish compared to the past. It means, those prices will form lower than the 'actual values'. When a commodity is sold at a 'price' lower than its 'value', profit secured through it will not be as high as in the past. It decreases a little. It means that the entire value of the commodity will not come to the capitalist.

On the other hand, less number of products are produced with less amount of capital in those branches from where a large part of capitals migrate to other branches. As the products decrease, their prices increase as compared to the past. That is, those prices will form higher than the actual values. When the commodity is sold at a price higher than the 'value', its profit will not be as less as in the past. It increases a little. It means that the capitalist gets not only the value of that commodity but some more value (from other branches) as well.

If we begin our examination with the situation whereby 'value itself stands as price', that situation gradually changes in such a way that prices in some branches form lower than the values while in others higher than the values.

What happens if the price is higher or lower than the 'value'? Profits get distributed equally among all the branches.

The branches (the capitalists of the branches) where less surplus value is produced will get some portion of surplus value from those branches where more surplus value is produced. Only if this happens, all branches will receive profits at more or less the same level.

In case profits do not remain at the same level and differ widely, the situation will remain like that. Capitals do compete with each other for 'profits'. Owing to the competition among capitals, the situation gradually changes and the differences decrease. Now let us see this aspect by means of an example of 2 commodities.

The value of the commodity produced by 100 capital in the branch 'A'=90c+10v+10s=110. Capital spent on this commodity is 100. The surplus value that this capital produced is 10.

The value of the commodity produced by 100 capital in branch 'B'=10c+90v+90=190. Capital spent on this commodity is 100. Surplus value that this capital produced is 90.

If we combine these 2 commodities and see them as one commodity, that is, if we see them as a 'mass of 2 commodities', the value of that mass+110+190=300. The total capital spent on this mass of commodites=100+100=200. The total surplus value in this mass of commodities is 10+90=110. This mass of commodities of 300 value consists of a total capital of 200 and a total surplus value of 100. A total of 200 capital produced a total of 100 surplus value.

If these commodities have their value itself as their price, the price of the first commodity is 110. Here, 100 capital has 90 profit. What should happen if there should not be such differences in profits? Prices should form in a different way. How should they form? The price of the first commodity should be higher than its actual value and the price of the second commodity should be lower than its actual value.

Here, let us resort to an imaginary situation regarding 'prices' in order to understand the point easily. The total 200 capital of both the commodities produced a total of 100 profit, isn't it? What if that 200 capital shares that 100 profit (surplus value) 'equally'? 100 capital will get 50 profit. The rate of profit is 50%. Same rate of profit at both the places. Then this problem is resolved.

How will it happen? Why will the capitalist, who produced more surplus value, accept this? We will have all these questions later. We will see them later. We have to properly understand what we are discussing about 'prices'.

It is true that capitals in different branches produce their commodities

with different values. Yet, let us suppose that the competition that goes on among capitals for 'equal profit' forms the commodity prices either above or below the actual values. Because of this, in our example, the price of the commodity of 110 value will be 40 higher than 110 (as 150) and the price of the commodity of 190 value will be 40 lower than 190 (as 150). What will happen then?

If the first capitalist sells the commodity produced by '100 capital' at 150, he would get back his 100 capital plus an addition of 50 profit. That is, the profit rate of this capital is 50%.

If the second capitalist too sells his commodity, which he produced with 100 capital, at 150, he too would get back his 100 capital plus an addition of 50 profit. That is, the profit rate of this capital is 50%.

Now, both the fellows have the same profit on 100 capital.

If 'equal profits for equal capitals' are not obtained, capitals cannot remain and function in different branches. If a very high profit rate in one branch and a very low profit rate in another branch continue for some period of time in a branch, capitals gradually begin to shift from one branch to another. This process of shifting continues until the profit rates of all the branches become the same.

If profit percentages in different branches do not become equal, capitals in the branches that produce low profits do not keep quiet. Just as wind forcefully blows from high pressure to low pressure, capitals always rush toward high profits from low profits and a 'general law' emerges. That law is: 'Capital should get profit not on the basis of the nature of commodity that it produces, but in proportion to its (capital's) size. It means that a capital of 100, irrespective of the branch of production in which it functions (irrespective of the kind of commodity that it produces), should get profit like in other branches. '100 capital' in the cloth branch should get as much profit as the 100 capital in the coal-branch. A 100 capital in any other branch too should get that much profit. Which means, 'profit rate' (percentage) should be the same in all the branches. The competition among capitals creates such a situation. We term as profit rate, that which the capitals of all the branches get as 'general profit rate'. This general profit rate alone operates as a main law that fixes 'prices'.

There are two mutually contradictory aspects in this problem of 'prices'. (1) Values alone stand as prices (2) Equal profits to equal capitals. These 2 things do not agree with each other. If 'values have to stand as prices', equal capitals do not get equal profits. If equal capitals have to get equal profits, values alone do not stand as prices. Of these 2 things, only one thing should happen and there is no scope for both the things to happen. The capitalist cannot sell his commodity twice, once this way and once that way. While fixing the price of the produced commodity, any one law should operate.

Under capitalism, the first thing changes in accordance with the second thing. It means, the law that 'value alone should stand as price' changes in accordance with the law that 'equal capitals should get equal profits'.

In our example, there are commodities of 2 different branches. Two things should happen when they are sold: (1) the initially invested capital should return. It should not decrease. (2) Profit should also come. That profit should come in the same percentage as in the other branches.

These 2 things should occur by means of formulation of prices of the commodities. Which means, 'prices' should form in such a way that it facilitates these things.

The capital in the 2 commodities in our example is 200. Surplus value is 100.

If a total capital of 200 shares equally a total surplus value of 100, each 100 capital would get 50 surplus value. Both these capitalists have to take their respective surplus value by selling their respective commodity. The prices of these 2 commodities should form in such a way that they give '50% profit'. If those commodities are sold at those prices, the invested capital returns and 50% profit also comes. If we see things in this way, the prices of the 2 commodities in this example form like this:

Price of the commodity A= 100 capital+50 profit=150.

Price of the commodity B= 100 capital+50 profit=150.

But what will be the consequences if prices of these commodities are formed in this manner? The prices will deviate from values.

The value of the commodity A, in fact, is 110. To sell it at 150

implies that it is sold at a value which is '40 higher' than the 'actual value'. Here, the price is higher than the value.

The value of commodity B is 190. To sell it at 150 implies that it is sold at a value which is '40 lower' than the 'actual value'. Here, price is lower than the value.

What happened when the price of a commodity is 40 higher than its value and when the price of another commodity is 40 lower than its value? 40 surplus value has left from one place to another.

This is how it has happened: The capitalist, who produced a commodity of 190 value with 100 capital, received 150 money after selling the commodity. There is no loss to the capital that he invested. The 100 capital returned. He got 50 surplus only instead of 90 surplus value. Still 40 surplus value has not come to this capitalist.

On the other hand, the capitalist, who produced a commodity of 110 value with 100 capital, received 150 money after selling the commodity. After deducting 100 capital from it, there remains 50 surplus value. Out of this 10 surplus value relates to that commodity. The additional 40 surplus value does not relate to that commodity. It relates to the first commodity. Thus, what has happened here is that the 2 capitals equally shared the 100 surplus value produced by a total capital of 200.

If we see these 2 commodities separately, their prices have deviated from their values. While the price of one commodity is 40 higher than its value, the price of another commodity is 40 less than its value. The prices of the 2 commodities are not equal to their values. But, if we combine these 2 commodities and then see, the 'sum total of values' will be equal to the 'sum total of prices'.

The values of the 2 commodities taken together =110+190=300.

The prices of the 2 commodities taken together =150+150=300.

If we combine 2 commodities and see them as a single 'mass of commodities', the value and the price of that mass will be the same. Its price will not be different from its value even by an atom. But, if we see those commodities separately, their prices will be different from their values. But, these differences are not arbitrary. The price of a commodity rises from its value to the same extent to which the price of another commodity falls from its value. There will not be any scope to rise. In

this example, while the price of a commodity decreased by 40 below its value, the price of another commodity increased by 40 above its value. The portion decreased at one place increased at another place. The portion that did not come to the hands of one capitalist went into the hands of another capitalist.

Now, the actual question is this. The capitalist, who grabs more **s** than his **s**, may agree to this; but why does the capitalist who loses some part of his **s** accept? In the example of commodities A and B, A grabbed 40s from the commodities of B. Why does B accept this? This is the question! This does not depend on the agreements or disagreements of the capitalists. In fact, they don't know at all that it happens like this. They follow this even without knowing it. We will examine this point later.

What we have to understand first is this: owing to the deviation of prices from the values, a change occurs only in the manner of sharing 'surplus value'; but the quantity of surplus value does not change. That is, it will not either increase or decrease.

S in the values of commodities A& B ..... 10+90=100.

S in the prices, after the sale of commodities ..... 50+50=100.

It means that, owing to the formation of prices deviant from values, the initially occurring 100 surplus value has neither decreased nor increased. That sum did not change. But, what happened is this: those 2 capitals got that surplus value equally in proportion to the sizes.

The things that we see in this example of 2 commodities apply to the entire society.

In no branch, value alone will stand as price.

If we see the commodity in a branch, its price will not be equal to its value. The price will be either above or below the value.

But, if we combine the commodities of all the branches and examine them, the sum total of their prices will be equal to the sum total of their values. **In other words, the 'totality of their prices' itself is the 'totality of their values'.**

Formation of prices in different branches deviating from the values

implies that some part of the surplus value from the branches where more surplus value is produced goes to the branches (to those capitalists) where less surplus value is produced.

Capitalist, irrespective of their likes and dislikes, behave within the limitations of the law of 'equal profits for equal capitals'. This, they do by adding 'some rate of profit' to the 'capital initially invested'. If 10 is the profit on 100 capital, 20 profit on 200 capital and 5 profit on 50 capital. The size of the profit will be in accordance with the size of the capital; but not on the basis of the fact that 'how much profit did a capital really produce?'

It is inevitable to get profit according to the size of the capital under 'capitalism'. To facilitate this, prices will invariably deviate from the values. It was Marx alone who understood this fact. This also is one of the questions not clear until then in the 'economic science'.

In the example of 2 commodities, the value of a commodity produced with 100 capital is 190. The value of another commodity produced with 100 capital is 110. The two capitalists of these commodities do not know as to how much value do their respective commodities really have (how much values did their capitals really produce). By looking at a commodity, no one can conclude thus: 'This commodity contains so much value'.

Firstly, the capitalist gets a commodity produced. The commodity thus produced will have 'some value' already. But, the capitalist does not know about that 'value'. He cannot understand the 'value' by looking at the commodity. After the production of the commodity, capitalist begins the programme of fixing its 'price'. First, he adds all the items spent on that commodity. After adding all those costs, he adds some 'profit'. The question as to how much profit he has to add depends on a 'rate of profit' (percentage of profit) that prevails on the basis of the experience. According to that 'rate', the capitalist adds profit to his capital and fixes the 'prices'. That is how the capitalist fixes the 'prices'.

Or, we may see this in another way as well. Let us say that a capitalist is getting 'coarse cloth' produced. While new cloth is being produced in the new production process, the hitherto produced cloth would be selling for 'some price'. Let us say that there have been no changes in the production costs of hitherto produced cloth and newly produced cloth. Supposing, the capitalist is 'satisfied' with the profit rate that comes from

the already existing price of that cloth. In such a situation, the price of that cloth remains as before. No changes take place in the price. Or, if any variations take place afresh in the production costs, the new price would change accordingly. Whatever way we may look at it, the essence is the same. Whenever a new commodity is produced, he may fix the price afresh. Or, he may continue the old price only. However he does it, that price gives a 'profit rate'. The capitalists of all branches will have the same 'profit rate' in their view. We call it 'general rate of profit' (or, average rate of profit).

All branches of production will not in fact have precisely the same 'rate of profit'. The rates of profits of different branches will be invariably different to some extent. However, whenever such differences become too big, the 'competition' of capitals keeps reducing those differences. Such competition goes on constantly. Hence, it is not possible for the difference between the profit rates of various branches to be very big for a long time. Minute differences will always continue to exist. The essence is that, if the competition among the branches continues, the consequence will be in the form of uniform profit rate approximately for all the branches. That is why we take a 'general rate of profit' as an example and discuss things by means of that.

We will also see the different rates of profits that are specific to different branches.

2. 'General rate' of profit

At the moment, we will see only those examples that are relevant to understand the 'general rate of profit'.

The total capital in the example of 2 commodities is 200. The total surplus value produced by that capital is 100. 200 capital produces each time 100 surplus value. Hence, it is possible for every 100 capital to take 50 profit each time. Which means, the capitalists of the 2 branches will have a general rate of profit of 50% in their view. That rate would depend on the factors (such as the sum total of capitals, the sum total of the surplus values that it produced) that lie behind the commodities.

We have taken 50% as the 'general rate of profit' in the example of 2 commodities.

The value of a commodity in this example is 190. But the capitalist of this commodity does not know that there is '190 value' in this commodity. Since he spent 100 capital on the production of this commodity, he adds 50% profit that he has in his view and fixes the commodity 'price' at 150. Looking at the 'price' so fixed, he thinks it as its 'value'. In the capitalist's view, it is the same whether it is 'value' or 'price'. They are different names of the same thing. Neither the capitalists nor his economists understand the fact that there is a difference between those 2 things and that difference arises due to a particular reason. What they know is to fix the 'price' by adding any and all irrelevant expenses that they spend and adding profit over them. Their entire knowledge of economics is that much only!

It is the same case with the second capitalist as well. The actual value of his commodity is 110. He does not know that fact. A general rate of profit of 50% will be there in his view as well. Since he spent '100 capital' for his commodity, he adds 50 profit and fixes its price at 150. That is, he thinks that his commodity too has 150 value.

In these examples, when a capitalists fix a price for their commodity higher than its actual value, they do all this without knowing themselves what they are doing. This alone is the method of fixing 'price' according to their understanding.

What does it mean that any capitalist fixes the price by adding some profit to the capital expenditure? It means that the 'actual value' of that commodity does not exist in the view of the capitalist. His view includes only one thing, namely, 'so much capital should get so much profit'! The exclusive preoccupation of the capitalists with 'size of the capital and the proportionate size of the profit' implies that they are unconsciously acting within the limits of the law that enable them to share equally surplus values present in their commodities.

Let the commodity belong to any branch, when it is sold, the capital spent on it returns, in addition profit in proportion to that capital also comes. Let the commodity belong to any branch, its price is formed in the 'same manner'. That is, in such a manner whereby consumed capital returns and a profit corresponding to that capital comes! Capitalists do not know as to why price is formed like this. Without knowing about it, they fix prices in the same manner.

The capitalist who really produced more surplus value by means of his capital does not see that higher value. Hence, he does not think thus: "I am giving out some portion of my profit to some one". The capitalist, whose commodity really has 190 value, considers 150 as his commodity value. Hence, he is not worried to sell it and take 150 money. Similarly, the fellow whose commodity has 110 value thinks his commodity value as 150. Thus, they treat the prices that they fixed as the values of their commodities and think that each one of them is receiving his respective value. They get 'equal profits for equal capitals' and the problem is solved without any difficulty for both of them.

The prices of the 2 commodities, in the example that we saw so far are identical (as 150). This is so since we took capitals of the same size in the case of both the commodities.

The 2 capitals are of the same size. The profits added to them are also of the same size. Therefore, prices will also be of the same size.

But, even if we take any two kinds of commodities, their capitals will be different. Consequently, their prices too will be different.

Take a shirt and a pair of shoes. Let us say that these constitute 'total mass of commodities'.

The actual value of the 'shirt' is 11. Out of this, capital is 6. Surplus value is 5.

The actual value of the pair of shoes is 10. Out of this, capital is 8. Surplus value is 2.

Let us say that the working periods of the 2 capitals are equal.

How much could be the 'general rate of profit'? How will the prices be formed for these 2 commodities?

The total surplus value contained in the 2 commodities is 5+2=7. To say that this surplus value should be distributed between these 2 commodities, does it mean that 3½ of it should go to each commodity? No. Surplus value has to go according to the sizes of the capitals; but not by becoming '2 equal shares'!

Let us see how much will be the 'general rate of profit' in this example.

The total capital in the 2 commodities: 6+8=14.

The total surplus value that the capital produced is 5+2=7.

For 14 capital, surplus value is..... 7

For 100 capital, surplus value is..... ?

$$\frac{7}{14} \times 100=50\%.$$ This is the general rate of profit.

In this example, it is not possible to have a rate either higher than or lower than 50%. It is because, surplus value is 7 and capital is 14.

According to this example, the capitalists of both the commodities will have a profit rate of 50% in their view. If we combine capital and its general profit, we get the 'production price' of the commodity.

Capital on the shirt is 6. The profit that the capitalist has to get at the rate of 50% profit is 3. Similarly, capital on shoes is 8. The profit that the capitalist has to get at the rate of 50% is 4. Hence, prices of the 2 commodities are formed as follows:

Price of the shirt = 6 capital + 3 profit = 9.

Price of the shoes = 8 capital + 4 profit =12.

The shirt capitalist takes back his 6 capital and 3 profit on that capital from out of 9 which he got after selling the shirt. Rate of profit is 50%.

Similarly, the shoes' capitalist too takes back his 8 capital and 4 profit on that capital from out of 12 which he got after selling his commodity. Here also, profit rate is 50%.

When the capitalists sold commodities, both got back their capitals and both got the same profit rate.

If we take two different commodities namely shirt and shoes, here the capitals spent on them are different. Like wise, masses of profit on those capitals too are different. But, the size of the profit is in accordance with the size of the capital. That is, profit rates are identical.

When we saw the example of commodities A and B in the beginning,

the prices of the 2 commodities were identical 150 each. The prices are identical here since we took capitals for both the commodities in an identical manner. Capital of A is 100. Capital for B is 100 as well. Masses of profit (50 each) that add to those capitals were also there. Therefore, prices for the 2 commodities are identical (150 each). 2 commodities are identical (150 each).

But, even if we take any two kinds of commodities, the sizes of their capitals will be different. The sizes of the profits that the capitals have to get will be different. Therefore, their prices too will be different. But, 'profit rate' for all will be identical.

Another point to understand is totality of prices itself is totality of values! We will see how this fact manifests here.

Value of the shirt = 6 capital+5 surplus value = 11
Value of the shoes = 8 capital+2 surplus value = 10
Sum total of values = 21

Price of the shirt = 6 capital+3 profit = 9
Price of the shoes = 8 capital+4 profit = 12
Sum total of prices = 21

Surplus value contained in the 2 commodities ..... 7.
Profit secured on 2 capitals ..... 7.

Totality of profits itself is the totality of the surplus value.
Totality of the prices itself is totality of the values.

However, when values changed into prices, which elements of those values changed in this example? Which elements remain unchanged?

'Capitals' have not changed at all. Sizes of the capitals remained the same whether seen in terms of values or prices. The totality of 'surplus value' too did not change at all. When values changed into prices a change took place only in the distribution of surplus value. This is the only thing that has changed. While the surplus values in the values are 5+2, they are 3+4 in the prices. Which means, when values changed into prices, changes occurred only in the addition of surplus value.

When the capitalist sells his commodity, the entire capital spent on

it should come back as it is. Otherwise, it is not possible to produce that commodity again. Therefore, while fixing the 'price', constant and variable portions consumed will come fully into account. The change will take place only in the case of 'surplus value' that adds to the capital. It (surplus value) adds either in more quantity or less quantity than its actual quantity contained in the commodity and thereby 'price' will form.

In the example of 2 commodities, which we considered so far, we have seen that both the capitalists had the general rate of profit of 50% in their view while fixing the price. How can the capitalists have this rate in their view even before selling the commodity? They have it due to 'experience'. They keep producing and selling commodities. The productive forces connected with the production of their commodities do not change daily or weekly. Therefore, owing to the series of experiences, capitalists will have a given general rate of profit in their view.

The general rate of profit does not form according to the likes and dislikes or fancies of the capitalists. It forms on the basis of the relationship between the total capital and the total surplus value in the 'society'. That is, it depends upon a 'fact' of the society. All the capitalists in the society should share only that surplus value which is available in the society. Hence, there would invariably be some limit to the rate of profit. The capitalists know that limit by means of 'market experiences'. In case any capitalist fixes a very high price by adding too much profit to his commodity due to inexperience or excessive avarice, the market will rectify that mistake immediately. This means, that commodity will not sell. It is because other capitalists who sell the same kind of commodity would be selling that commodity at a lower price. Hence, no one would buy it with higher price. Therefore, he has to offer this commodity too at the same price at which all sell. It follows that no capitalist can fix the price of his commodity and add his profit as he likes. No one can act as he likes in the case of earning profit.

To which 'capital' do they add profit?

Do they add profit to the 'total capital' or the consumed 'circulating capital'?

Let us say the total capital (including all the fixed means) available in the society is 1,000. A 'mass of products' is made with 800 cost out of 1,000. Then, that 800 capital will become circulation capital. It means

that there is still 200 capital left behind in the fixed means not yet worn out. Let us say that out of the 800 capital spent, constant is 300 and variable is 500. Rate of surplus value is 100%. (We are always taking the 'rate of surplus value' as 100%). There is a danger of 'misunderstanding' due to this: the misunderstanding that half of the workers' living labour always remains as 'surplus labour'. We are always taking 'the rate of surplus value' as 100% to make our examples easy. But, the rate of social surplus value will be in 'thousands of percentage' in actual life). In this example, the value of the produced mass of products will be 300c+500v+500s=1,300. Surplus value in this is 500. To find out what the 'general rate of profit' here, do we have to see 500 surplus value only in relation to the 'consumed capital' or the total capital of 1,000? Whatever way we see, the essence is the same since the total of surplus value will not change. If we see the surplus value in relation to the 'total capital', the profit rate will be little less and if we see it in relation to the consumed profit, the profit rate will be little more.

If we see 500 surplus value as obtained from 1,000 capital, the profit rate will be 50%. If we see it as obtained from 800 capital, the profit rate will be 62½.

According to this example, if a capitalist calculates profit as against his 'whole capital', he would add 50% profit. Or, if he calculates the profit as against the 'consumed capital', he would then add 62½% profit. However we may look at the issue, the mass of profit that comes from that commodity will be the same.

We may consider the issue in any manner. If we assume that every capitalist calculates his profit against the 'total capital', then the 'general rate of profit' will be 50%.

Or, if we assume that each fellow calculates his profit against the circulating capital, then the general rate of profit will be 62½%.

Or, some fellows may follow the first method and some may follow the second method.

Whatever way we look at it, the essence is the same. It is the 'general rate of profit'. We may assume this in any manner.

'The system of fixing prices by adding some profit to the capital' will equally distribute the entire mass of social surplus value among the

exploiters. This is akin to the manner in which all the bandits dump at one place all the articles they looted at various places and share them equally. This means that every capitalist is appropriating a share (a share in the loot) in the 'social surplus value' in proportion to the size of his capital! This takes place by means of prices that form due to competition.

'Capital' functions for the sake of 'profit' only. A capital of 100 should be able to earn profit uniformly irrespective of the branch in which it functions. This condition makes prices deviate from the values.

Now, let us see briefly the relationship between the capitalistic price and workers.

Let us again take the example of 2 commodities: one having a value of 190 and another a value of 110. The workers of the first commodity gave 90 surplus value and the workers of the second commodity gave 10 surplus value. The total of the surplus value that the workers of the 2 commodities gave is 90+10=100.

Whether the values themselves stand as prices of those commodities or prices are deviant from the values, the sum total of the 'surplus value' that the workers give do not change. In that sense, the manner in which prices form makes no difference as far as workers are concerned. However, it is essential for the workers to know how the masters grab their surplus value. By this, workers will know how their relations are with their masters.

If values themselves stand as prices: surplus value in a commodity will go to the capitalist of that particular commodity. That is, the surplus value of a given set of workers will go the capitalist of those workers only. In our example, the 90 surplus value of the first commodity will go to the capitalist of that commodity and the 10 surplus value of the second commodity will go to the capitalist of the second commodity only.

If prices are deviant from the values:

Values of the 2 commodities 190 + 110.

Prices of the 2 commodities 150 + 150.

Out of the 90 surplus value that the workers of the first commodity gave, their own capitalist takes 50 and the outside capitalist takes the remaining 40.

The capitalist of the workers of the second commodity will himself take the 10 that his workers gave. This fellow, however, takes not only the 10 surplus value of his own workers but also the 40 surplus value of the outside workers.

Whatever happens in the 2 example will also happen in the whole society. Let us divide all the branches into A branches and B branches. Let us say that A branches are those which give more surplus value and B branches give less.

(In the examples that we saw earlier, we supposed that commodity A is of 'low value' and commodity B is of 'high value'. Since the points discussed there require such characterisation, we supposed them to be like that. Here, we are considering that commodity A is of 'high value' and B is of 'low value'. This kind of charecterisation is relevant in view of the points that we are going to discuss here. We have to understand the issue according to the example.

It is not only the capitalist of A branches, who eat the surplus value of A branches, the capitalists of B branches, too, eat it.

It is only capitalists of B branches who eat the surplus value of B branches. These capitalists, while eating their entire surplus value, also eat some portion from the A branches since their own surplus value is not enough (really not enough) for them. Only if it happens thus, B branches too will get a 'general rate of profit'.

On the whole, the essence is that capitalists of all branches eat together the 'mass of surplus value' that the workers of all branches give together! In other words, the entire 'capitalist class' distributes in a particular manner the surplus value that the working class gives! The 'system of fixing prices' alone will make distribution possible.

The distribution of surplus value under capitalism will be somewhat different in its form from the past societies. Under this system, a capitalist does not have relations simply with his own workers and the workers do not have relations simply with their master. Here (in capitalism) exploitative relations are intertwined more deeply and collectively than in the past societies. Hence, the slogan 'workers of the world, unite!' becomes necessary. We will see all these points again at the end in this chapter itself.

3. In the past societies

If we take handicraftsmen and feudal peasants belonging to the past societies where there were no such categorisation as 'capital' and 'profit' or if we take producers of primitive tribes of the still past times, they too used to 'exchange' some articles occasionally. However, values and prices of commodities do not form differently since there were no such categories like 'capital' and 'profit'. Let us see these examples in a little detailed manner.

Let us take the commodities of ancient times. The value of some cloth woven by a weaver is 10. The value of a pair of shoes made by the 'shoe-person' too is 10. They exchange these 2 commodities with each other. Those 2 people produce those articles for themselves. Let us divide and see the value of those capitals in terms of capitalism.

Value of the cloth=4c+3v+3s=10.

Value of the chair=2c+4v+4s=10.

Here, 'variable' is not a wage that some body gives to the producer. It means that it is the value of the articles that are minimally necessary for the maintenance of that producer. Here, surplus value is that portion which remains after deducting 'variable' from the value of the living labour that the producers performed.

'Capital' spent on the 'cloth'=4c+3v=7. (In fact, we should not use such words as 'constant', 'variable' and 'capital'. But, we are using them only to make things clear).

Capital spent on 'shoes'=2c+4v=6.

While 7 capital in the first commodity produced 3 surplus value, 6 capital in the second capital produced 4 surplus value. It means that more capital produced less surplus value and less capital produced more surplus value. Yet, it is not necessary for the surplus value to be equal here. That is, prices need not form in such a way that the sum total of surplus value is distributed to the sum total of capitals. It is because, here capitalistic kind of 'competition' will not be there. Here, the producers of commodities themselves exchange commodities. Since each commodity that they sell is the result of their own labour, the surplus value (whether it is more or less) that each commodity contains belongs to the respective owners. Here such things as 'production of commodities by investing capital with

a view to earn profit', 'competition among capitals' and 'shifting of capitals from one branch to another' will not be there. Therefore, surplus values contained in the commodities need not be distributed according to the sizes of capitals. That is why, fixing of the 'price' does not take place in a capitalistic way. That is, price is not fixed by adding all the costs and then by adding some profit over the costs. Here, such a view will not be there at all that "we invested so much capital and it should fetch so much profit."

Here, 'price' forms in such a way that some value is straight away fixed for the article to be exchanged. In the early days of 'exchanges', these exchange proportions would be haphazard and arbitrary and would remain the same for a very long time in the beginning. As time passes, it becomes possible to fix correct values with the help of 'experiences'. Here, price will not be either more or less than the value. Therefore, here 'value' and 'price' are identical. What is 'value' same is the 'price'. That 'price' (or 'value') gets back the entire expenditure of means of production spent on those articles and, in addition, it gets back the entire value of the living labour of the producer. Here, every person should get the value of his respective commodities as it is. If it does not happen like that, it amounts to the fact that one person is extracting some portion from the labour of another person. Such a need does not arise here. The capitalists, who invest capital in order to exploit others' labour, will have the need to share the booty according to a principle of equality. Such a need would not arise in the case of those who produce with their own labour and exchange articles. Here, every person should get the surplus value of his own commodity. That is why, value itself should stand as price without any difference between the two.

Let us consider the 'feudal peasant' of the feudal society. Let us take out and keep aside the portion of means of production **c** from the 'total production' that the peasant family produced. Still variable capital and surplus value (**v+s**) remain. After the payment of surplus value by the peasant family as 'rent' to the landlord, 'variable' portion finally remains. This will be the 'value of labour power' for the peasant family. The peasant family uses some grain out of this for food and exchanges the remaining grain for clothes, shoes and such other things and exchanges with the producers of these articles. Those producers will be either other feudal peasants or handicraftsmen who live on their own labour. In this

society, capital and competition for profits will not be there. Hence, here also a situation does not arise whereby 'price' deviates from the 'value'. Therefore, here also value alone would stand as price.

Let us see the case of a landlord. The landlord family uses some portion of the grain that it got as rent for its food, and exchanges the remaining portion for other articles. Even then the value and price of that grain will not be different. It is because, factors like capital and profit will not be present in the case of products that the landlord sells.

Landlords or feudal peasants will have very less number of products that go into exchanges. Most of the production goes into consumption without exchange.

Let us call 'simple commodities' those commodities, which are exchanged by those persons who do labour for themselves. The capitalistic commodities are not this kind of simple commodities. The capitalistic commodities are such commodities that are placed in a 'specific relationship' whereby they fetch profits according to the sizes of their capitals. In the case of these commodities, it is not possible for individual owners to get the value of their respective commodity (it is not possible for the value to stand as price).

We have seen that the portions of 'surplus value' will be more in the commodity of one branch and less in the commodity of another. The capitalists cannot change this situation. It is an inevitable situation. Hence, the only thing that they can do is to combine all the surplus value more or less and share that sum with a great 'sense of equality'! They can do only that much! They do not do all this knowingly. Capitalist system itself would distribute thus. Capitals cannot tolerate their not getting profits according to their sizes. The competitive struggle for profits itself attempts to distribute 'social surplus value' equally to capitals. The distribution of 'mass of surplus value' is carried out in the form of deviation of prices of commodities of all branches of production from their values. Therefore, a new phenomenon called 'capitalistic price' begins here.

'Capitalistic price' means 'a price that deviates a little less or little more from the value'. This way of fixing price is specific to capitalism only. This feature is not found in the past societies. There, values themselves are prices.

If values themselves stand as prices in any society, it is not a debatable point. It is a natural aspect of 'law of value'. It becomes a debatable point only when values themselves do not stand as prices. It is contrary to the law of value.

However, even under capitalism, we find dissimilarity of value and price only in the case of individual commodities. If we combine the commodities of all the branches, the value and the price of that 'mass of commodities' will be identical.

It follows that the law of value under capitalism operates with 'some modification', instead of verbatim in the case of individual commodities. It operates wholly as it is in the case of the entire mass of commodities!

4. Cost price, production price and market price

It appears to be extremely confusing at the very outset to see so many adjectives to the word 'price'. But, confusion will be dispelled and everything will become clear as we understand things.

'Value' is that which a commodity acquires in the place of production.

'Market price' is that which a buyer of a commodity pays for the commodity in the market.

Now we will see how the process of transformation of 'value' into 'market price' takes place.

Means of production and living labour are required to produce a commodity. While the value of means of production stands as 'constant', the value of 'living labour' stands as 'variable + surplus value'.

Value of the commodity = constant + variable + surplus value.

$$C_1 = c + v + s$$

'Value' means the 'total labour' expended on the commodity. However, this 'expenditure' is not uniform for all the capitalists. It exists with certain variations. In the branch of coarse cloth, the total expenditure on 1 metre of cloth varies from one capitalist to the other. It means that the commodities of different capitalists within a single branch will have different values! The value of 1 metre of cloth available with a capitalist is its 'individual value'. Though the commodities of each fellow may

have 'individual value', an 'average value' has to emerge from those different 'individual values'. That average value itself will be the 'value' of that commodity (1 metre of cloth). Whether we call it 'average value', 'social value' or 'market value', it means the same.

Whatever issue we may talk about, it means that we are considering it as an 'average issue'. Similarly whenever we speak of 'value', it is 'average value'. We call the same shortly as 'value'. That value consists of 3 parts, namely, **c+v+s**.

Though 3 parts are necessary to produce a commodity, what the capitalist incurs is only 2 parts only: constant and variable portions only. (**c+v** only). We call these 2 portions together 'circulating capital'. (This includes only the cost of wear and tear of fixed means. It does not include 'non-worn-out' portion). This **circulating capital itself constitutes 'cost price'. The totality of constant and variable is the 'cost price'.**

Whether you call it 'consumed capital', 'circulating capital' or 'cost price'...all these three mean the same.

If 'surplus value' adds to the 'cost price' it will be the commodity 'value'.

The symbol for 'cost price' is **k**. That is, we are combining **c+v** and calling it **k** in one utterance.

Commodity value = cost price + actual surplus value

$$\mathbf{C_1} \quad = \quad \mathbf{k} \quad + \quad \mathbf{s}$$

This is the value actually necessary to produce a commodity.

But in the view of the capitalist **k + s** will not be there,

k + p will be there.

p means 'profit'. This profit is based on the 'general rate of profit'. Hence, **the price that forms by adding p to k is 'production price'.** This is the price that the capitalist fixes. This has the name 'production price' because the commodity should have this price (that gives general profit) in order to produce the commodity again and again.

Of **k+p**, **k** will be neither more nor less than what is really spent and remains as it was whereas **p** will be either more or less than **s** instead of being equal to it. In some instances, **p** may even be equal to **s**.

In this manner, capitalist fixes the 'production price' for the commodities and sends it to the market. Later, the commodity will be sold at that price. won't it be? No. Not yet. Now, supply and demand come in to the scene.

Let us consider coarse cloth. It is not a single capitalist who gets this commodity produced. Many capitalists get the same kind of commodities produced. All those capitalists too put their commodities for sale in the market. What is the total quantity of coarse cloth that is available for sale? This is the 'supply' of that commodity.

Is that quantity of coarse cloth saleable at that time or not? How much coarse cloth is required for the market? This is the 'demand' for that commodity.

If capitalists buy certain kinds of commodities alone, not only capitalists but also workers buy certain kinds of commodities.

Capitalist buy certain kinds of commodities for 'production' needs and buy certain other kinds of commodities for 'family' needs.

Workers have nothing to buy for 'productive' needs. Whatever they buy, they buy it for 'family' needs only. All the so-called 'personal/ individual needs' come under this category.

If all the commodities that are ready for sale in a given branch constitute 'supply', all the requirements for that commodity constitute 'demand'.

The 'production price' fixed for a commodity will decrease if there is more 'supply'. Or, if the demand is more for the commodities, the 'production price' will increase a little further.

It means that there is no guarantee that a commodity, once the capitalist fixes its 'production price', will be sold at that price only. That price may change either a little less a or little more depending upon the conditions of supply and demand. Or, that price may remain unchanged on some occasions.

The price at which the commodity is finally sold will be its 'market price'.

It is this 'market price' alone that a person pays while buying a commodity.

It is this market price that the capitalist receives through the commodity. From this 'price' alone, the capitalist has to take back his cost price and in addition take 'profit'!

It is possible to take back the entire 'cost price' from the 'market price'. Some change takes place only in the case of 'profit' that has to come additionally.

Since the 'production price' that the capitalist fixes may change a little in the market, the profit that comes from the commodity will depend on the market price.

If the 'market price' is higher than the 'production price', the profit that the capitalist gets would be more; and if the market price is lower than the 'production price', the profit would be less.

The process of transformation of the actual value of a commodity into market price is as follows:

Value = cost price + actual surplus value
k + **s**

Production price = cost price + general profit
k + **p**

Market price = Cost price + the profit deviant from 'general profit'.
k + **p**

Here, we have to remember one thing.

'Value' means — average value.

'Cost price' means — average cost price.

'Production price' means — average production price.

'Market price' means — average market price.

It is the same case with any item.

Concerning the 'price' there are 3 stages in reality. Value, production price and market price.

But, 'value' does not exist in the view of the capitalist. Only production price and market price exist for him. The capitalist sees only these 2 prices; 'production price' as the price fixed for the price initially

and the 'market price' as the price at which a commodity is sold finally in the market.

Capitalist too uses the word 'value' many a time. He uses it only as another term for 'price'. But not in the sense as we understand the word 'value'.

All these points concerning 'price' in the case of coarse cloth will apply to every commodity.

Capitalists of all branches fix 'production prices' for their commodities and send them into market. They transform into 'market prices' depending upon the condition there.

'Market' means 'a place to sell commodities': whether it is a 'shop' or 'house'. Any place where they sell commodities is a 'market'. If it is an independent producer, he can produce as well as sell his commodities at his own house. It is because the mass of his commodities will be very small.

But, it does not happen so in the case of a capitalist. Here, many workers work. This mass of commodities will be of a very high magnitude. There will be special places to produce as well as sell that mass of commodities. Wherever we speak of capitalist market, we may keep shops in view. Sale of commodities takes place there.

The 'market price' of a commodity determines the 'future' of the capital that functions for the sake of that commodity. That is, it decides whether that capital should produce again the same kind of commodity or abandon this and produce another.

If the profit that remains after deducting cost price from the 'market price' is very less, then the capital will not like to produce that commodity. If the profit is more, then the capital will not stop producing that commodity. Moreover, other capitals too would like to produce that commodity only. In this manner, the market prices of the commodities of different branches alone regulate the movements of capitals. Which means, owing to the market prices (owing to the profits that come from those market prices) alone, new adjustments take place afresh constantly among the capitals.

We have to see things in still greater details. We have to make later

a modification in the statement that 'the capitalist fixes production price by adding 'general profit' to the 'cost-price'. We will see this after going rather far. For the present, we have to stop this point here and see first some aspects concerning the fixing of 'production price'.

5. 'Magnitude' of capital

We said that any capitalist would get profit in proportion to the magnitude of his capital. In the case of such articles as cloth and sugar, which we may be divide into smaller parts, the produced articles may be sold daily once or weekly once and put the same capital in use. But, in the case of indivisible articles like buildings and machines, the consumed capital will not return every day or every week. That entire capital will return at a time in a big lump sum only after a lot of capital is spent to produce that large-scale article and only after it is sold.

Articles produced in different branches will have different specialties. Hence, capitals consumed would be in different magnitude and return in different periods. When conditions of capitals are so varied, how to determine things like: 'How much capital did a given capitalist invest?' 'How much is the capital in a given branch?' To understand these things, we have to examine 'production period (working period)', 'circulation period' and 'turn over period'.

1) Working period or production period

The period during which 'labour' is performed is 'working period'.

In the chapter on 'labour process' in volume 1, we have discussed 'labour process' and 'production process'. We have also seen the difference between these two. The 'working period' will be shorter than the 'production period' in the case of agricultural products only. The production period and the working period are generally identical in the case of non-agricultural products. Let us leave out the distinction between working period and production period and use them in the same sense here.

The time that it takes to produce an article depends on the specific nature of that article. On that specificity depends the magnitude of capital necessary for its production.

The 'time that it takes to produce an article' means the time during

which living labour is performed on the means of production. Same is the 'production period' or 'working period'. Supposing it takes '1 hour' on an average, as per the then existing productivity, to stitch a shirt. That 1-hour itself is the 'production period' of the shirt. This refers only to that time during which 'living labour' is performed in the stage when a raw material called 'cloth' transforms into a shirt. It is not concerned with the 'means of production' consumed in that stage. If we want to know the 'entire labour time' that takes to make a shirt, then we have to add 'means of production' also. But, when we speak of 'production time of the shirt', it only refers to the living labour time that transforms the raw material into a shirt. Depending upon the specificity of the article, means of production of very high value or very low value may be consumed during the time in which living labour is performed.

The value of raw material will be more while tailoring work is performed on 'silk cloth' than on the 'coarse cloth'. It means that means of more value are consumed at one place and means of less value are consumed at another place during living labour time of almost the same length.

The value of means of production will be more in the work of making a 'silver chain'.

The value of means of production will be more in mining of 'metals' than in the mining of 'coal'.

Thus, while the 'living labour time' is approximately the same, values of the means of production may be widely different. Therefore, when we speak of 'production period', it is not concerned with the 'means of production'. **The 'living labour time' alone constitutes the 'working period' of an article.**

Let us suppose that 4 workers work for 2 days at the rate of 8 hours a day to weave 100 metres of 'cloth'. What is the total number of hours of 'living labour' that took to make this article? 4×8×2=64 hours. This alone is the 'production period' concerning this article. Can a single worker, instead of 4 workers, do this work in 8 days if he works 8 hours a day? Can a single worker carry out this work since the total time in this way too will be 64 hours? No, it will not happen. The process of production will have certain technical conditions. The workers who participate in the production process have to be present in a specified number at each

point in the place of production. It is not possible to change that specified number as one pleases. Therefore, we should treat 'production period' simply as 'certain hours' or 'certain days'. We have to understand it as something that fulfils technical obligations such as a certain specified number of workers being present in certain specific points in order to carry out 'living labour'.

If the productive power concerning that 'labour' changes, the number of the workers and thereby the 'production period' change.

The working periods of different articles will be of different length. If smaller capitals are enough to make articles that may be made quickly within shorter working periods, large capitals will be needed to make the commodities of longer working periods.

The capitalist who gets a commodity produced, in order to compete with other capitalist of the same branch (in order to produce his commodity with less cost than other capitalists), raises his productivity and tries to reduce the working period of his commodity. This competition gradually keeps shortening the working periods of the commodities.

Capitalism will be zealous to reduce the production period of crops and animals as well. This system does not show any interest in such things as forestry that require long production periods since it takes lot of time to get back the capitals invested in those production processes.

It does not happen that the growth of productive forces takes place in one branch and does not take place in another branch. Though that growth may not be at an identical level in all the branches, it would be, generally speaking, more or less at the same level. If we assume that productive forces in all branches doubled after a few years (leaving little differences aside), the working periods in all the branches will be reduced to half. But, even then the differences between the different working periods will remain as ever. That is, the differences between capitals that require producing different commodities will be as ever.

2) The Circulation period

The circulation period is that time which it takes to buy raw materials etc., necessary for a production process and the time that takes to sell a produced commodity. Just as 'production period' is not uniform for all the branches, the circulation period is also not uniform.

The differences in the circulation periods depend upon the nature of the products to some extent and the distance between the production places and selling places to some extent. The circulation periods of quickly perishable products like milk, eggs and vegetables will be shorter and those of durable products like cloth and grain will be longer. The circulation periods in different regions will be different depending on whether transport facilities are more or less.

If a produced commodity is sold immediately its circulation period is equal to nothing. This means, we are considering here the time that takes for sales and purchases (the pure circulation period) as the 'circulation period'. The 'ideal period of circulation' means its non-existence.

3) The turnover period

The total time that takes for the production as well as circulation of a commodity is its 'turnover period'.

Production period+Circulation period=Turnover period.

The first stage in the circulation period is the stage of buying of raw materials etc., by the capitalist with his 'money-capital'. With this stage, the turnover period begins. In this stage, **M** changes to **C (M-C)**. Then, process of production **(P)** takes place. The stage of selling the produced commodity is the 2nd stage in the circulation process. In this stage **C** changes to **M** ($\mathbf{C_1}$-$\mathbf{M_1}$). With this stage, the turnover period ends. The total time that begins with **M** and continues up to the change of **M** into $\mathbf{M_1}$ is the turnover period. This varies from one commodity (that is, from one branch) to another.

In the branch of 'milk' production, turnover takes place in each part of the day. In the cloth branch, one turnover in a week may take place. In the grain branch, turnover may take place once in a year.

Shorter the turnover period lesser the capital; greater the turnover period greater the capital. This is the connection between the turnover period and magnitude of the capital.

When we say that the turnover period in a given branch is 1 week, it does not mean that the turnover period of all the capitalists in that branch is precisely uniform. If the turnover period of some capitalists is little more than a week, it may be little less than a week at some capitalists.

Without taking into account these differences that we find in the same branch, we take an 'average' time that generally takes for the production and sale of a commodity as turnover period of that branch.

When we say that turnover period in another branch is 10 weeks, it is the 'average' turnover period connected with the commodity of the concerned branch.

Let us treat all the individual capitalists in a given branch as one single capitalist. That single capitalist keeps functioning with a huge capital, getting a 'mass of commodities', selling it and earning surplus value. That 'mass of commodities' will have an average 'turnover period'.

Let us consider all the branches like this.

To make our example simple, we take 'circulation capital' (cost price) alone into account. We leave out that portion of the fixed capital that is not worn-out.

Similarly, to make our example simple, let us suppose that there is no 'circulation period' in any branch at the moment. Which means, commodities of all the branches are sold out immediately after their production.

Suppose that cloth branch is functioning with a total circulating capital of 100. Here the production period is 1 week. That is, some commodities are produced by the end of every week. As we assumed that the circulation period does not exist, production period itself is turnover period. The same 100 capital that functioned in 1-week returns immediately and is available as new capital. Return of capital means, production of means of production and means of subsistence of the workers again. Just as cloth is being produced here, those articles are being produced in other branches. Let us assume that all the commodities in the cloth-branch are leaving immediately and the means of production necessary for this branch are immediately made available. It is needless to say that the 100 capital that functions every week afresh is fetching new surplus value every week.

Supposing the 'production period' in the branch of machinery is 5 weeks. Let us say a total of 1,000 capital is consumed in 5 weeks at the rate of 200 capital each week. After the completion of 5 weeks, some production comes out. Here also, there is no circulation period. That is,

here 1 turnover takes place once in 5 weeks. Then a capital of 'thousand' comes back.

If 100 capital is making 1 turnover per week in a branch a production, a thousand capital is making 1 turnover in 5 weeks. In a third branch, a capital of 1,300 may be doing 1 turnover in 12 weeks. It is still different in a 4th branch. Thus, the magnitudes of capitals and their working periods in many branches will be of various kinds. Amidst so many differences we need to know the amount of capital with which a given branch is functioning. It is because, a branch will be able to take its share from the 'mass of social surplus value' according to the magnitude of its capital.

In order to know the amount of capital functioning in a given branch, we have to take the same period as a yardstick for all the branches. 'Year' is that yardstick. To make our example simple, let us take a year consisting of 5 weeks only. Since it applies to all branches, there will not be any problem in assuming this.

The capital in a branch is 100. Its production period is 1 week. There is no circulation period. That is, the turnover period is 1 week. How much capital is supposed to have functioned in this branch in a year?

The symbol for 1 year is ..... **T** (long time).
The symbol for one turnover period is ..... **t** (short time).
The symbol for the no. of turnovers is ..... **N** (number).

The no. of turnovers = Year ÷ 1 turnover period
N = T ÷ t
N = 50 weeks ÷ 1 week = 50 turnovers

The capital that functioned in 1 turnover..... = 100.
in 50 turnovers: 50×100=5,000.

It means that this branch functioned with 5,000 capital in 1 year. This is its annual circulation capital. Or annual cost price. 'How much profit should this branch get in 1 year' we may see this question in 2 ways.

If we take 100 as capital, it should get profit for 50 weeks (1 year).

Or, if we take 5 thousand capital, it should get profit for 1 week.

Whatever way we look at it, the 'mass of profit' will be the same.

We may calculate profit for the entire year. Or, for one turnover period. Whatever way we look at it, the production price of 1 unit will be the same.

Let us say that 'general rate of profit' is 50% per year on 100 capital. Let us also say that no condition has changed in that year.

Capital in any branch has to get profit according to (1) its magnitude and (2) its working period. That capital and profit together constitute 'production price' of that commodity.

We supposed that a 100 capital is making 1 turnover per week in the cloth branch.

The profit on 100 capital in one week at the general rate of 50% is 1.

The production price of the cloth produced in 1 week=100 capital+1 profit=101.

Or, if we want to see the total commodities in a year, we have to combine all the 50 turnovers.

Capital in 50 turnovers	5,000
Profit in 50 turnovers	50
The production price of the 50 turnovers of commodity...	5,050
The price of 1 turnover of the commodity	101

The production price of 1 metre of cloth will be the same whether we calculate it for 1 turnover or the entire year.

Now let us see the example of machinery branch.

The production period is 5 weeks. This itself is the turnover period. Capital is 1,000. But, this thousand capital will not be consumed entirely in the first week itself. Only 200 per week keep functioning in the production process and consumed. A total of thousand will be consumed at the completion of 5 weeks. The commodity will have come out by that time. Since we assumed no circulation period, the commodity gets sold

out immediately, the thousand capital returns and a new production process will again begin.

In this example, 10 turnovers take place in a year at the rate of 1 turnover in 5 weeks.

Let us first see only those things concerning 1 turnover.

In this example, if the total capital of one thousand has begun to function in the first week itself and continued to function for 5 weeks, that thousand capital has to get a profit of 5 weeks.

But, it will not happen like this. It is because the entire capital does not begin to function in the first week itself since the production process here is of 5 weeks. That is why, in this example, the thousand capital is consumed in the following manner.

The 1st 200 functions for 5 weeks.
The 2nd 200 functions for 4 weeks.
The 3rd 200 functions for 3 weeks.
The 4th 200 functions for 2 weeks.
The 5th 200 functions for 1 week.

15 weeks.

The total capital consumed is 1,000.

But, here, it is not possible to say that 'thousand capital functioned for 5 weeks', As it did not happen like that, we can only see as if '200 capital functioned for 15 weeks'. In this example, the profit will be: '200 capital has to get profit of 15 weeks'. This profit will add to the thousand capital and it becomes the production price of the commodity.

If 100 capital, in 1 week, gets 1 profit,
200 capital, in 15 weeks, gets.....?

The profit will be 30.

The production price of the commodity =1,000 capital+30 profit=1,030.

This is about 1 turnover.

The same thing happens to each turnover.

In any branch, the production of 'surplus value' depends on 2 factors, namely, magnitude of the capital and its working period. Hence, the profit that a capital has to get will also depend on 2 factors, namely, its magnitude and its working period,

Less profit to less capital.

More profit to more capital.

Similarly,

Less profit if the working period of the capital is short.

More profit if it is long.

Capital in a branch is 5 thousand. The production period is 10 weeks. No circulation period. That capital makes 5 turnovers in a year. That capital produces some 'surplus value' in each turnover.

The capital in a given branch is 10 thousand. It functions in the work of building bridges. Its production period is 2 years. That is, it takes 2 years to make 1 turnover. It makes only half turnover in 1 year. That capital returns along with the profit only when turnover is completed.

Let us say that there are capitals of equal magnitude in 2 different branches. The capital at both the places is 100 each. Let us take the period as one year only. But, the capital in one branch makes 1 turnover while the capital in another branch makes 1 turnover in 2 weeks. How many turnovers does each capital of each branch make? How will be the profit for 1 turnover in both the branches? How will be the annual profits?

100 capital in the first branch makes 50 turnovers in a year at the rate of 1 turnover per week. If we assume the general rate of profit to be 50%, profit in 1 turnover period is 1. Profit in a year is 50.

A capital of 100 in the second branch makes 25 turnovers in a year at the rate of 1 turnover in 2 weeks. But, 100 capital should get 2 weeks' profit in 1 turnover period since each turnover is of 2 weeks. It (the profit) is 2. The profit in a year for all the 25 turnovers taken together is 50.

What we have to understand from this example is:

If short turnover fetches small profit,
Big turnover fetches large profit.

If profit for the turnover of 1 week is 1,
Profit for the turnover of 2 weeks is 2.

But, if we see those profits in terms of 'rate of profit', the 'rate of profit' for 2 turnovers will be the same.

If a capital that makes short turnovers will make more turnovers in a year, a capital that makes long turnovers will make fewer turnovers.

Though the capital that makes short turnovers receives little profit through each turnover, it receives such little profit for more number of times.

Though the capital that makes long turnovers receives more profit, it takes such large profit for less number of times.

The essence of the matter, therefore, is that 'the rate of profit' will be the same whether we see individual turnovers or annual turnovers at both the places.

The question 'whether a given capital is making shorter turnovers or longer turnovers' is totally irrelevant to the 'rate of profit'. Whatever be the turnover period of a given branch, all branches will invariably have the same rate of profit.

Let there be any number of variations among turnovers of different branches, those variations will not have any impact on the 'rate of profit'. It means that the rate of profit will not be low where there are short turnovers and the rate of profit will not be high where there are long turnovers.

The situation, whereby 'rate of profit' increases or decreases due to differences in turnovers, arises only in the case of different capitalists within the same branch.

Since capitalists in the same branch sell their commodities at the 'same price', the profit will be large to the capitalist whose turnover period is '10 shorter' than the average. The costs increase and profit decreases where turnover period is longer. Thus, the differences in the turnover period influence the rates of profit of capitalists of the same branch only.

But, this situation does not apply to different branches.

So far, we have seen 'turnover period' in terms of 'production period' only, without considering 'circulation period'. That is, as if the capital that functioned in a 'production period' returned immediately and began to be available for 'another production period'. We have seen it like that

only in order to make our examples simple. But, under the capitalist system where commodities have to be sold, immediate sale of commodities and immediate return of consumed capital will never take place. It takes inevitably some time to sell and to get the money of the produced commodity of each branch. Which means, each branch will invariably involve some 'circulation period'. Therefore, we will now consider 'circulation period' as well.

The production period of the 'cloth' is 1 week. Capital is 100. Circulation period is 1 week. It means that it takes 1 week to produce the cloth and another week to sell the produced cloth.

Then, will the 'production process' be suspended until the produced cloth is sold and the capital returned, that is, up to 1 week? Will the building and other instruments of labour lie idle during those weekdays? Will the workers work for one week and sit idle without work next week? It does not happen like that. Production processes keep going one after the other. Workers keep working every week. Means of production will go on being consumed every week.

How is it possible to carry on another 'production process' without the return of the first capital? It is possible with 'another capital'. We have to call it the 'second capital'. The second capital has to be as much as the first one. Both capitals are not meant for the 'same commodity'. If we assume that the first capital produces 100 metres of cloth, the second capital produces another 100 metres of cloth. Each commodity will have its own value. Each commodity will have its 'surplus value'. Each will have its value components separately.

The 2nd capital remains in the production process until the 1st capital comes back from the circulation process. The 2nd commodity will be ready by the time the 1st commodity is sold out. The 2nd commodity goes into circulation as soon as the 1st capital returns. Thus, both the capitals function one after the other making the production process to continue constantly.

A capital is of 200. Production period is of 2 weeks. Circulation period is of 2 weeks. If production process should not stop until the product of the 1st capital is sold, another 200 capital is required. It is 2nd capital. In this example, a total of 400 capital is required. But, whole of it is not meant for the 'production process'. It splits into 2 parts and functions in 2 production processes.

Capital functioning in the 'production process' is the 'active' capital. It produces 'value'. When the 'production process' is over and that commodity goes into the 'sale', it means that the capital is in the circulation process and it will not produce value. Whether it is 1st capital or the 2nd capital, they produce value only when they are in the 'process of production'.

Therefore, in order to find out things like: how much capital produced the 'value' and in how much time did it produce' it, we have to take into account merely the capital that functioned in the 'production process' and the period during which that capital functioned in the 'production process'.

Let us suppose that a capital of 100 has functioned in a production process for 1 week. The 100 capital should get a general profit of 1 week through the commodity that the capital produced.

The production period in a branch is 1 week. The circulation period is 1 week. The 1st capital is 100. The 2nd capital is 100. A year has 50 weeks. What is the total capital that functioned in 1 year in this example? What is the total amount of the 1st capital that functioned? What is the total of the 2nd capital that functioned?

A 100 capital functions in the production process every week.

For 1 week..... 100 capital,

For 50 weeks ..... 50×100=5,000.

The 2 capitals together functional as 5 thousand capital in 1 year. The 1st capital functioned as 2,500 and the 2nd capital as another 2,500.

Let us suppose the commodity produced in 1 week as one unit. 50 units in 50 weeks. 25 units came from the 1st capital and another 25 units from the 2nd capital. A total capital of 5 thousand earns 1 weeks' profit through 50 units.

The production period in a given branch is 1 month. Circulation period is 1 month. The 1st capital per month is 500. The 2nd capital too is 500. A year consists of 12 months. What is the sum total of capital that functions in a year in this branch?

Every month '500 capital' functions in the 'production process'. Thus capital for 12 months=12×500=6,000. It means that the 1st capital

will be 3,000 and the 2nd too will be another 3,000. In the entire mass of commodities produced in a year, the 1st capital produces one half and the 2nd capital produces another. Those capitals should get profit from those commodities. If we see capital as 500, it has to get 12 months' profit. Or, if we see capital as 6,000, it has to get 1 month's profit. Whatever we may look at, 'mass of profit' will be the same.

Let us suppose that a capitalist has 200 capital. It is the sum total of 1st capital and 2nd capital. It will always be in 3 stages: some portion in the form of 'money', some portion in the form of 'means of production' and some portion in the form of 'newly produced commodity'. The totality of the values in these 3 stages is 200.

Let us suppose that the capital of 200 is as follows at a given point of time.

Money	40
Means of production	100
Produced commodity	60
Total Value	200

The newly produced commodity converts into money. Means of production convert into new commodity. Money converts into means of production. Thus, each stage transforms into the subsequent stage.

The first capital as well as the 2nd capital will be in these 3 stages. (1) The stage of money capital: **M**. (2) The stage of productive capital: **p**. (3) The stage of commodity stage: **C**. Of these stages, 'productive stage' alone is the stage that produces 'value'. Only some portion of it is 'surplus value'.

If 'collective mode of production' has begun in the society and if it goes on in a right direction, the need for 'money capital' will go on decreasing. Moreover, the stage of 'commodity capital' too will go on decreasing. It is essential to store the produced products for consumption. But, as it is not meant for sale, it will not become 'commodity capital'.

So far we have seen the details of 'turnover of capital'. Now, we will see aspects concerning the transformation of values into 'productive prices' and 'productive prices' into 'market prices'.

We are conducting this entire discussion in order to prove that under

capitalism, there functions a 'mechanism' that distributes mass of surplus value equally to capitals and to facilitate that, values transform into production prices. This is a fact that the capitalist economists do not grasp.

6. Transformation of values into 'production prices'

Different branches of production in the society produce different commodities. Technical requirements will not be the same for all kinds of commodities. Therefore, technical aspects of the branches will be different. Owing to this, value-compositions (proportions of constant and variable) of capitals of the branches will be different. Owing to differences in value-compositions, the quantities of surplus value produced in branches will also be different. Which means, if we take the 'capitals of the same magnitude' (sample capitals), the surplus values that those capitals produce will be in different quantities.

But, no capital will get as it is the surplus value that it produces.

All capitals try to share the mass of surplus value equally by means of 'competition'. This attempt leads to the 'general rate of profit'. This merely means that values transforms into production prices.

Let us suppose that there are 5 branches of production in total in a 'capitalist' country. The total production of all those 5 branches constitutes the 'social production' of that country.

In order to see the value (and the surplus value contained it) of a commodity produced in a branch, we have to assume some value composition for that branch (as if it has constant and variable portion in a given proportion). But, in reality, the productive powers of different capitals in a given branch will not be precisely the same. It means, the compositions of different capitals will not be identical. Yet, we may find some 'average situation' among those differences. A productive power in a given branch simply means an 'average productive power'! Similarly, 'composition' too means an 'average composition'!

It is the same case with every branch.

Just as each individual branch of production has average productive power and average composition; the entire society too will have average productive power and average composition.

Let us take an average composition for each branch.

Let us take '100 capital' as a sample from each branch.

Let us say that compositions are as follows in the branches.

1) 80c + 20v
2) 70c + 30v
3) 60c + 40v
4) 15c + 85v
5) 95c + 5v

These are compositions of individual branches.

If we combine all the capitals of these 5 branches, it will be 500. This is the total of sample capitals. If we deduct one 100 from this total, that will be a sample of a 'social capital'. What is its composition? If we add the constant portions of the 5 branches and take an average, it will be social 'constant'. Likewise, if we add variable portions of the 5 branches and take an average, it will be social 'variable'. That constant and variable together constitute the average composition of the 'social capital'!

Why do we talk about 'composition of social capital'? It is because of our assumption that social capital is functioning with a given composition and producing surplus value of a given quantity. The individual branches with composition that is more or less than the composition of the social capital produce surplus value that is more or less than the surplus of the social capital. Hence, we need to know about the sample of the social capital and its composition in order to understand as to 'what are the branches in which the production prices are higher than values' and 'in which branches the production prices are lower than the values'.

The total constant of 5 branches: 80+70+60+15+95=320.

Average constant=320÷5=64c.

The total variable of 5 branches: 20+30+40+85+5=180.

Average variable=180÷5=36v.

The average composition of one sample capital of 100 taken out from the 'social capital'=64c+36v.

Those branches that have more constant portion than in the 'social composition' are branches of 'higher composition'. The variable portion in these branches will be less than the 'social variable'.

Those branches that have less constant than in the 'social composition' are branches of 'lower composition'. The variable portion in the composition of these branches will be more than the 'social variable'.

Those branches with a composition that is exactly equal to the social composition are branches of average composition. The constant and variable portions of these branches will be equal to those of the social constant and variable.

In this manner, we may divide the total branches in a society into 3 categories: branches with average composition, branches with above average composition and branches with below average composition.

In our example, social composition is 64c+36v.

All the 5 branches mentioned in the example have 5 kinds of compositions. If we compare the composition of each branch with that of social composition, we will know as to whether a given branch is of high composition or low composition.

If we see all the 5 branches in this kind of example, 1st, 2nd and 5th branches are of high composition. 3rd and 4th branches are of low composition. Here there are no branches with average composition.

Whenever we speak of high composition, there are again differences among them. Among the 3 branches that have high composition, the 5th one has the highest composition. Similarly, 4th one has the lowest composition.

Let us assume that the 'rate of surplus value' in these 5 branches as 100%. Then, the commodity values and the surplus value contained in them, which these branches produce will be as follows.

1st branch:80c + 20v + 20s = 120.

2nd branch:70c + 30v + 30s = 130.

3rd branch:60c + 40v + 40s = 140.

4th branch:15c + 85v + 85s = 185.

5th branch:95c + 5v + 5s = 105.

Though all these branches functioned with a capital of the same magnitude (each with 100 capital), their values and surplus values are very different since their compositions are different. Of these branches, the 5th one that has high composition produced less surplus value and the 4th one that has low composition produced more surplus value.

How will be the 'rates of profit' of these branches, if we assume that 'values themselves stand as prices' in the case of the commodities of these branches? **If values themselves stand as prices, surplus value produced in a given branch will remain in that branch only.**

To find out the rate of profit in a given branch, it is enough if we know the capital and the surplus value obtained on that capital.

The 1st branch produced 20s with 100 capital. If value itself stands as price, this 20s remains in the same branch. Then its profit rate will be 20%. If the same thing happens in the remaining branches, its profit rates will be 30%, 40%, 85% and 5% respectively. This means, the profit in one branch is 5% while it is 85% in another branch in this example since values themselves stand as prices.

Even if we see total capitals instead of sample capitals, profit rates of the branches will inevitably have so many variations when values themselves stand as price.

What will be the situation if we consider different rates of surplus value instead of considering the same rate of surplus value in all the branches? The quantities of surplus value will be different whether we assume the rate of surplus value to be uniform or different. Production of surplus value in varying quantities is the situation that is always found in the branches. In this situation, rates of profit in the branches will be widely different if values themselves stand as prices.

In case there are wide differences among the profit rates, they have to form uniformly in all the branches by means of 'competition' among capitals as we have seen earlier, since capitals do not remain in those branches that get less profit. It means that conditions operate in such a manner that they do not give scope for the values themselves to stand as prices.

The general principle to be understood briefly here is the following. Capitals of different branches invariably extract different quantities of

surplus value. If surplus value that a given branch extracted remains in that branch alone, the profit rates of different branches will be widely different. Since such wide differences among the 'profit rates' cannot exist, the sum total of surplus values has to be distributed to all branches according to a principle of equality. The fact that every capitalist (let him belong to any branch) fixes the price of his commodity by adding a 'profit rate' to the 'cost price' proves that the whole thing happens like this. It means that every capitalist expects that he should get back his cost price and get a certain rate of profit! Based only on that estimate, he fixes the price. He does not, however, fix the price in a straightforward manner 'as so much', without any reference to adding profit, as was done in the past societies. Addition of 'some profit' to the 'capital' by every capitalist implies that every capitalist expects profit in proportion to the magnitude and the turnover period of his capital.

Here, let us see the following things in our example: "What is the total surplus value that all these 5 branches together produced? How will it be distributed among the 5 branches?

The total capital functioning in all the 5 branches, at the rate of 100 in each branch, is 500. This is 'social capital'. The surplus values of all the 5 branches taken together are 20+30+40+85+5=180.

If 500 capital produces 180 surplus value, a 100 capital should get the surplus value of 180×5=36. 100 capital of every branch has to get 36 profit. That is, 'general rate of profit' in this example will be 36%.

There is a limit to social capital. It is 500 in this example. The social surplus value too has a limit. It is 180. The entire **C** has to share the entire **s**. The general rate of profit too will inevitably have a limit. It is only 36% in this example. Any capitalist of any branch can only add 36 profit to his 100 capital. He cannot add more than that. What will happen if he adds? Nothing will happen! Even if he adds, it amounts to non-addition since if the law of 'adding more profit' applies to one fellow, it has to apply uniformly to all the capitalists of all the branches. It is not as if it applies to one fellow and does not apply to another fellow.

What will happen if he adds double profit?

Let us say that the mass of surplus value available in the society is in such a way that it is possible to add only 36 profit on 100 capital. Let

us also say that every capitalist doubles his rate of profits and adds 36+36=72%. Due to this, 'the mass of surplus value' available in the society will not become double. Its magnitude will remain as before. Only the figures that calculate it become double. Since this happens alike in all the people, the essence of the matter does not change.

We have been seeing that every capitalist acts not only as a 'seller' but also a 'buyer'.

If a capitalist sells his commodities by adding double profit, he has to buy only such commodities to which double profit is added.

Every capitalist has to buy means of production. If he has to buy them with increased prices, **c** will increase.

Further, every capitalist has to pay wages. He has to pay them as per the increased prices. It means, **v** will also increase.

It does not mean that the portion of **s** in the commodities alone increases whenever all the capitalists raise the 'general rate of profit'. Accordingly, portions of **c+v** also rise.

Adding 10% profit by all the capitalists is the same as adding 20% profit by all. When all fellows raise the profit at 'the same rate' (whatever be the risen amount), prices of all the fellows too rise at the same rate.

When the prices of all the fellows rise at the same rate, that change is equal to the non-occurrence of a change at all. Then, it amounts to the fact that all fellows sold their commodities at the supposed rates and received the supposed profits.

The essence of the matter does not change even if prices change.

No capitalist can raise the price of his commodity as he pleases. He cannot earn as much profit as he wants.

If one capitalist resorts to the act of increasing the 'price' of his commodity for the sake of 'large profit', all other capitalist too can do the same thing. Hence, the profit of the capitalist is not something that depends on his likes and dislikes. The profit of one capitalist too is something that is connected with the actions of all other capitalists. And the profit of each fellow is not a matter of his own will.

Further, even if we consider all the capitalists as one group, 'rate of

profit' is not something to do with the likes and dislikes of that group. Even if all the capitalists come together, they can not raise their profits to a level of their choice. Even if all people come to an agreement and raise their prices, the essence of the matter will not change since all of them have to sell their commodities to one another. If the price of a commodity to be sold rises, the price of a commodity to be purchased too rises. Therefore, the capitalists neither individually nor collectively can raise their profit as they please. The profit will not increase simply because prices are increased.

If some capitalists do not increase prices and if some others alone increase prices, the profit of those who increased prices will rise.

If profit for all should rise, it may happen by one means. The profit rises either by not increasing the wages though prices are increased or by not increasing wages in the same proportion in which they raise prices.

If all the changes take place for all people alike, profit will not rise however much the prices rise.

Therefore, the 'general rate of profit' does not depend on the likes and dislikes of the capitalists. If it is possible for every fellow to add profit as he pleases, then there will not be a beginning or an end to 'the rate of profit'. Then, one can add any amount of profit by any number of zeros: not simply 36% but 36000000000000...%! But, it is pity that it is not possible for the capitalists to resort to this 'zero' manipulation. Therefore, what we have to understand here is that the 'general rate of profit' will invariably have some limit. That limit will be in the form of a relationship between the total 'social capital' and the 'total social surplus value'.

The capitalist, looking at the condition, cannot know the amount of 'surplus value' that his commodity contains, can he? Then, how will he know as to how much profit should he add in accordance with the 'social surplus value', while fixing the price? He will know it by his experience of selling the past mass of commodities. The capitalist, by recalling the amount of profit that he got in the past and by estimating the possible profit that he can get, keeps in view approximately the same rate of profit (with minor modifications) that he got in the past.

The conditions of production do not change daily in the society.

The surplus values that are produced in different branches do not widely vary daily. Which means, the general rate of profit does not keep changing daily. More production than yesterday may take place today in a given branch of production. In another branch, less production too may take place than yesterday. Those differences balance each other. While the mass of products, its costs, surplus values and everything remains as ever, the general rate of profit too remains as ever. That is why, capitalists will be able to know by experience. Thus, capitalists will have a rate of profit in their mind before selling their commodities.

Now, if we take out cost price from each of the 5 branches in this example and add 'surplus value', that would be the 'actual value' of the commodity of that branch. If we add 'general profit' to the 'cost price' (that is, if we make the surplus value little more or little less and add), then that would be the 'production price' of the commodity.

The value of a commodity in a given branch : Cost price in that branch+ Surplus value within that branch.

The 'production price' of a commodity in a given branch : Cost price in that branch + Changed surplus value (general Profit).

There is 100 capital in the 1st branch. That is as 80c+20v. When a commodity is produced through this capital, 20v will be spent wholly but 80c will not be spent wholly. If we assume that only 50c is consumed here, the remaining 30c stands as unworn portion of the fixed means. The cost price spent on the commodity out of the 100 capital here is 50c+20v=70. The profit that this branch has to get is not on this cost price of 70. The 100 capital that has to stand in the workplace should get the profit. Since profit on 100 capital is 36 in this example, we have to add this 36 profit to the 70 cost price.

The 'value' of the commodity of this branch ..... 70k + 20s = 90.

The 'production price' of the commodity of this branch ..... 70k + 36p = 106.

If the actual 'price' of this commodity is 90, the production price (the price that the capitalist fixed) is 106. In the case of this commodity, production price is higher (16 more) than the value.

Just because it is like this in this branch, it will not be the same in all the branches. When production prices are higher than the values in certain branches, they will invariably be lower than the values in other branches. Just because of this, distribution of surplus value becomes possible. That is, it will be possible to fix prices by way of adding some profit to the cost price. Now, let us see a table containing the details of all the 5 branches.

Total number of branches of production in the society: 5

	Capital in a given branch (we may see the consumed constant portion also)	Rate of surplus value	Mass of surplus value	Rate of profit if value stands as price itself	General rate of profit **P**	Cost price **K**	Value of the commodity **K+S**	Production price of the commodity **K+P**
1	**80c+30v (50c+20v)**	**100%**	**20**	**20%**	**36%**	**50c+20v=70K.**	**70+20=90**	**70+36=106**
2	**70c+30v (51c+30v)**	**100%**	**30**	**30%**	**36%**	**51c+30v=70K**	**81+30=111**	**81+36=117**
3	**60c+40v (51c+40v)**	**100%**	**40**	**40%**	**36%**	**51c+40v=91K**	**91+40=131**	**91+36=127**
4	**15c+85v (5c+85v)**	**100%**	**85**	**85%**	**36%**	**5c+85v=90K**	**90+85=175**	**90+36=126**
5	**95c+ 5v (10c+ 5v)**	**100%**	**5**	**5%**	**36%**	**10c+5v=15k**	**15+5=20**	**15+36=51**

Total s = 180

What is the value of each commodity in each branch in this example of 5 branches? What is the 'production price' which value transforms into? Is that production price higher or lower than the value? All these things are evident from the table. The production price is higher than the

value in 3 branches. It is lower in 2 branches. Well, is there any connection between this 'highness' and 'lowness'? Let us see this point now.

Value	Production price	Deviation from the 'value'
1st branch 90	106	+ 16
2nd branch 111	117	+ 6
3rd branch 131	127	– 4
4th branch 175	126	– 49
5th branch 20	51	+ 31
Total: 527	527	Total of pluses: 53
		Total of minuses:53

The point, which we have to grasp immediately, is that 3rd and 4th branches lost 53 surplus value (4+49). The 1st, 2nd and 5th branches got 53 surplus value (16+6+31). It means that a portion of surplus value of some branches has gone into other branches. Whatever decreased on one side has increased on the other side.

Commodities whose production price is higher than the value are 'plus' commodities. Commodities whose production price is lower than the value are 'minus' commodities. In this example, commodities of 1st, 2nd and 5th branches are 'plus' commodities. Commodities of 3rd and 4th branches are minus commodities. Some portions of surplus values from minus commodities have gone into plus commodities.

We have seen that more surplus value is produced in those branches whose composition is lower than the social average composition and vice versa. Prices form in such a way that some portion of the surplus value goes from the branches with more surplus value to the branches with less surplus value. It means that price will be lower than the value in those branches where more surplus value is produced and lower than the value in those branches where less surplus value is produced.

There is not a single branch with average composition (64c+36v) in this example of 5 branches. But, there will be branches with average composition in the society. In such branches, a distinction between the

'value' and the 'production price' will not arise there. There, 'value itself stand as production price'. It means that surplus value produced there will be equal to the 'general profit'. It will not be higher or lower than it. Hence, surplus value from such branches will not go to other branches or will not come to such branches from other branches. Commodities of such branches are neither plus commodities nor minus commodities.

When we say that 'a production price is formed for a commodity in a given branch', does it mean that capitalists in that branch meet at one place, come to an understanding and fix that price? No. They fix their own prices for themselves. But, the method of fixing the price will be the same at all the capitalists. If we add 'general profit' to the 'cost price', that itself will be the 'price'. When we speak of 'cost price', it should be at an 'average level' only. Another name for the 'general rate of profit' is 'average rate of profit'. Therefore, **Cost price+Average profit=Production price'.** Same price is formed (with slight differences. Those differences are irrelevant) by this method at all capitalists in a given branch.

Another point to be noted through this example of 5 branches is that profit should come not simply on the 'cost price' but on the total capital that should function in a 'work place' in order to produce a commodity. We have that total as '100 capital' in each branch. That is why, the profit that has to come on 100 is added to the cost price.

What will happen if commodities are sold at 'production prices' only? In every branch, its cost price returns and profit comes in proportional to the 'total capital' of that branch.

We know that the value of the commodity is higher than the cost price of the commodity. What remains after deducting cost price from the value is 'profit' (surplus value).

This law will not change even if value changes into production price. Let us put production price in the place of 'value'. Even now, production price will be higher than the cost price. What remains after deducting the cost price from the production price is 'profit' (surplus value whose size has changed a little).

When we speak of 'total capital in a given branch', we are seeing the 100 capital that stands as a sample capital. We have taken such sample

pieces from all the 5 branches. If we do not understand correctly, it appears as though capital in all the branches is of same magnitude. But, capitals in all the branches will not be of the same magnitude. They will be in different magnitudes. If there is a total capital of 2,000 in a branch, there may be 5,000 in another branch. Wherever there is a need, there will be capital.

However, the essence will be the same whether we see profit against the sample capital or the really existing huge capital.

Let us suppose that the really existing capital in the 1st branch is 2,000

The cost price in the sample capital of 100 is 70. As per this calculation, cost price in 2,000 capital will be 1,400.

Profit on the sample capital of 100 is : 36.

Profit on 2,000 capital will be : 720.

Let us suppose that 1 unit commodity is produced through a sample capital of 100.

20 units through 2,000.

Whether we say 70 cost price for 100 capital, or
1,400 cost price for 2,000 capital.
Both mean the same.

Whether we say 36 profit on 100 capital,
Or 720 profit on 2,000 capital.
Both mean the same.

The price of 1 unit through the sample capital of 100:
70k+ 36p = 106.

The price of the 20 units through the capital of 2,000:
1,400k+720p =2120.

Price of 1 unit =2120÷20 = 106.

Whatever way we may look at the issue, essence is the same.

It is the same case with other branches as well.

We have been saying that 'profit' too is an aspect connected with

the commodity and that too is part of the 'value' of the commodity. But, now we have to understand it with a 'modification'.

That modification is the following.

The entire profit contained in the price of the 'plus commodity' is not part of the value of that commodity.

On the other hand, the entire actual value of the minus commodity will not be in its price.

Therefore, we have to add these modifications to the earlier formulation that 'profit too is part of the value only'.

The fact that 'profit too is part of the value only' applies as it is to the 'mass of total commodities'. It does not apply as it is if we consider individual commodities. This is the modification!

Let us take the commodity of each branch in the example of 5 branches and examine its 'prodution price'. Does the profit in that 'price' belong to that commodity only? That is, is that profit part of the 'value' of that commodity?

The 1st, 2nd and 5th branches have their respective surplus value for themselves. Moreover, certain portions of surplus values came from other branches also to these branches.

The most part of surplus values of 3rd and 4th branches remained in these branches only and certain portions went to other branches.

Look at the commodities of any branch in these 5 branches, none of them has its 'value' as its 'price'. Production price is either higher or lower than the value. But, what will happen if we combine the commodities of all the 5 branches and see the 'mass of total commodities'? Are the 'production price' and 'value' identical in the case of that 'mass'?

The sum total of values of 5 branches :527.

The sum total of production prices :527.

If we consider the 'total mass', its value and production price are identical. Or, value itself is production price.

But, if consider different branches in that 'mass', in no branch, value itself stands as production price.

But, if consider different branches in that 'mass', in no branch, value itself stands as production price.

Now we can find an answer to the question: 'Does the profit from the 'production price' of a given commodity belong to that commodity?'

When we speak of a commodity and if it is a 'minus' commodity whose 'production price' is lower than the value, the entire profit in that production price belongs to that commodity only. That profit is part of the value of that commodity. Some portion from that 'value' might have gone outside (to other branches).

Or, when we speak of a commodity and if it is a 'plus' commodity, some portion in that 'production price' belongs to that commodity only. The remaining portion of the profit has come from other branches. Though some portion of that profit does not belong to this commodity, it belongs to the other commodities found in the societies. But, at any rate, profit is not something unconnected with any commodity.

If we look at the individual commodities, a profit in a given commodity does not relate in toto to that commodity. But, if we look at the total 'mass of commodities', the sum total of profit that comes from that mass belongs to that mass only.

The production price of the total 'mass of commodities' in the example of 5 branches is 527. If we deduct from it the total of cost prices, a surplus value of 180 remains. It is the 'surplus value' of the productive workers who did labour in all the 5 branches.

If 'value' is 'labour', surplus value is also labour. It is surplus labour.

It is 'surplus' over and above 'wages'. The capitalist calls this very value, which is surplus, as 'profit'. Whatever be the name that he may give it, **profit is nothing but the labour of workers only.**

But, what the capitalist says is this: "There is no connection between the profit and commodity value. I am bringing profit from outside and adding it".

The capitalist who says thus takes some portion of the money that comes from the commodity under the name of 'profit'. With that money, he buys products produced in the society. It means that the capitalist, who bullyingly argues that 'profit is not part of the commodity value',

cannot live without any connection with either the commodity or its value. He does not take either stones or rubbish under the name of profit. He takes only products that the workers produced. That fellow cannot live by 'eating' such names as 'profit', 'interest', 'rent' etc., without any connection with the products. That fellow needs 'only products that are produced by labour' under any name.

The entire profits in the society are connected with the values of the commodities produced in the society. When we realise this fact, 'transformation of values into production prices' will not appear as a 'big strange thing'. 'Production price' means value that is subject to the law of equalisation of surplus values. That is, 'production price' means, the value that changes to some extent either to this side or that side.

'Profit' conceals 'value'.

Since means of production and labouring people are required to produce articles and if we combine these 2 kinds of costs under these names, only, there will not be any reference to 'profit' here. Then, it appears clearly that 'the sum total of costs incurred naturally for an article is the value of the article'. But in a system where price is fixed by adding profit to the costs, the entire fact concerning value will be concealed and all the attempts to understand value will be misled. Between the cost price and profit, it appears as though cost price alone is the real cost and profit is an external aspect. Fixing price by adding profit prevents us from grasping the fact that commodity value is a single whole and the whole of it is the cost incurred for the commodity.

7. Transformation of production prices into market prices

All the commodities in a given branch constitute 'one single commodity'. The entire cloth in the branch of coarse cloth is 'one single commodity'. The entire sugar in the branch is one single commodity, and so on.

Commodities of different branches enter into the market with their respective 'production prices'. There, each branch will face a situation of supply and demand.

Production prices themselves stand as market prices in those

branches where supply and demand coincide. The profit rates of such branches will be equal to the 'general rate of profit'.

But, even when market prices deviate from the production prices, there will not be any problem concerning 'law of value'. When market prices of certain branches form higher than the production prices, the market prices of the remaining branches will form lower than production prices. Since it happens like this, the sum total of those higher and lower market prices will be equal to the 'sum of production prices'. It means, equal to the sum total of values. Therefore, even the deviation of market prices either above or below production prices will not create any problem.

Observing all these things should begin with an examination of 'supply and demand'.

1) Supply and demand

'Supply' means the total quantity (either measure or number) of the commodities ready for sale in a branch of production.

'Demand' means the quantity of requirements of the market (buyers) for that commodity.

Supply always exists from the side of the sellers of the commodities. Demand is always from the side of the buyers.

To calculate supply and demand, each kind of commodity will have one particular kind of duration. In the case of crops that grow once in a year, supply and demand are calculated in relation to a year, that is, like a year's supply and a year's demand. In the case of products like 'milk' that are produced every part of the day, supply and demand are calculated in relation to a day or part of a day. The productive forces, however, do not change every day or every part of the day. Hence, the supply and demand of these products too do not change daily.

When we speak of supply, it consists of the newly created production plus the remaining portion of the old production. By the time new crops grow and new grain arrives, some quantity of the past year's grain too would be available as balance. That remaining old production and the new production together constitute the new year's supply. However, every year it so happens that a balance of one year's production will be available for the next year. Therefore, we may take production of a given year as

the supply for that year, without taking into account the past production. It means, whenever we talk of 'supply', we do not need such details as 'how much is of the new year and how much is of the past year. Supply means 'the mass of production of one year'. This is the general meaning. In the case of some commodities, supply and demand change many a time within a year.

Changes in 'supply' take place for 2 kinds of reasons.

One reason is that supply changes and the value of the commodity itself changes. The other reason is that the value of the commodity does not change even if supply changes.

Let us now see these 2 kinds of conditions.

(1) Supply may change even without a change in the magnitude of the capital in a given branch. If climate for agriculture is more favourable, more production than ever may come with the same old capital. When it happens so, the quantity of labour spent on 1 unit will decrease and thereby the value of unit decreases. Or if climate is more unfavourable, production will decrease. The quantity of labour to be sent on 1 unit increases and thereby value increases. As agricultural products serve as raw materials for all the industries and due to changes in the values of raw materials, the values of industrial commodities too change. Thus, if supply of commodities change owing to favourable and unfavourable conditions, values of those agricultural and industrial commodities too change. Thus, after forming a 'new value' to a commodity, the production price too changes accordingly. If the supply and demand of the then existing commodity do not coincide, then the market price deviates from that new production price.

(2) Let us suppose that in a branch, a capital is functioning with a magnitude, which is higher than the magnitude supposed to function in that branch. The productivity is as ever. More production comes through more capital. That is, supply increases. But, the value of 1 unit does not change. As the value does not change, production price too does not change. The whole supply comes into the market. But, let us say that demand for that commodity has not increased and is as before. What will happen then? The market price decreases than the production price. It means that, though the value of the commodity did not change, market price decreased since supply increased. Or, in that branch, let us say capital

has functioned with a magnitude, which is lower than the magnitude supposed to function in that branch. Let us suppose that a commodity has an ordinary demand. If the population, which uses that commodity, begins to use in still larger quantities, demand rises. Or, the population, which never used that commodity, may begin to use that commodity. Or, both the things may happen. If it happens so, the demand for a commodity increases. If it happens contrary to this, even the general demand decreases.

Let us see the relationships between the 3 aspects, namely, value, production price and market price by means of some examples.

Here, let us take only 2 branches instead of 5 in order to make our example simple: one branch with a high composition and another branch with low composition. Let us say, these are the total number of branches existing in the society.

Let us consider the 1st branch as 'milk' branch. The total capital in this branch is 100. To make our example simple, we are treating this alone as cost price. Of this 100, constant is 10, variable is 90. Rate of surplus value is 100%. Value of the commodity=10c+90v+90s=190. The quantity of milk produced by this 190 value is, let us say, 100 litres.

Let us treat this as generally prevailing supply (customary supply). Here, the generally prevailing demand (customary demand) too is, let us say, for 100 litres only. Let us suppose that here the 100 capital too is neither more nor less than 'what is actually required'.

The second branch is that of 'sugar'. In that branch, constant is 90, variable is 10. Rate of surplus value is 100%. Value of the commodity=90c+10v+10s=110. This commodity is 50 kilos of sugar. This is the customary supply. Here, the customary demand too is, let us say for 50 kilos only. Let us say that here also the capital is as much as required.

The total surplus value in these 2 commodities is 90+10=100. If this is distributed to the 200 capital of the 2 branches, each 100 capital should get 50 surplus value. That is, the general rate of profit is 50%.

Production price of the 1st branch:

Cost price 100 + General profit 50 = 150.

Production price of the 2nd branch:

Cost price 100 + General profit 50 = 150.

Now let us see the question of 'market price'.

In the branch of 'milk':

Supply is 100 litres. Demand is also for 100 litres. Supply and demand coincide. The commodity will sell at the same price, which the capitalist fixed. There will not arise a situation whereby that price is reduced to some extent or raised to some extent.

If supply and demand coincide, production price itself is market price.

If the market price of 100 litres is : 150.

If the market price of 1 litre is :1.50.

Here, cost price is 1 rupee and profit is 50 paise.

A single capitalist does not get the whole of 100 litres of milk produced in that branch. One fellow gets 10 litres produced, one fellow 18 litres, one fellow 22 litres, one fellow 7 litres, one fellow 11 litres and so on. Many capitalists get the whole commodities produced. They sell their respective commodities at the same market price (at the rate of 1.50 per litre).

If we deduct 'cost price' from the amount received after selling the commodity at the 'market price', profit (surplus value in its changed size) remains.

In the branch of 'sugar':

Supply is 50 kilos. Demand is also 50 kilos. Supply and demand coincide. Here also, production price itself is market price.

If the market price of 50 kilos is :150,
the market price of 1 kilo is : 3.

Of this, cost price is Rs. 2. Profit is 1 rupee. A single capitalist did not produce these 50 kilos. One fellow 10 kilos, one fellow 5 kilos, one fellow 6 kilos and so on.

If we deduct cost price from the amount that a capitalist gets after selling his commodity at the market price, profit (surplus value in its changed size) remain.

Here, we have to understand one thing clearly. If supply and demand coincide either in milk branch or sugar branch, why are they like that? It

is because, only so much capital as was required has functioned at both the places.

What will happen if a capital of high magnitude or low magnitude, instead of required magnitude, functions in a given branch? Then, the production would be larger or smaller than the required quantity and thereby supply and demand will not coincide.

What will happen if supply and demand do not coincide? The non-coincidence of supply and demand will be of many kinds. Supply may remain as ever and demand may rise or diminish. Or, demand may be as ever and supply may rise or diminish. Or supply may rise to some extent and demand may rise more than the supply. Or, demand may diminish to some extent, and supply may diminish more than the demand. Or, supply may rise and demand may diminish. Or demand may rise and supply may diminish. Thus, these changes may take place in any number of ways from both the sides. Whatever kind of change may take place, supply and demand do not coincide. They will differ.

Even if changes in supply and demand occur unidirectionally and to the same extent, it amounts to non-occurrence of changes. That is, both supply and demand increase. But, what will happen if both increase at the rate of 100%? Even if both change, it amounts to the fact that both have not changed. Even if both supply and demand diminish uniformly, even then it amounts to the fact that the situation has not at all changed. Thus, if changes in supply and demand take place unidirectionally and uniformly, those changes amount to no-changes.

Hereafter, for the sake of convenience, we may refer to supply and demand briefly as **s** and **d**. Let us now see what sort of changes occur in the market price of the commodity if **s** and **d** do not coincide.

Let us say that in the example of milk, supply is as before and demand has risen to some extent.

Supply of milk is 100 litres. Its production price is 150. Demand has risen by 10% from 100 litres. Then, how many litres of milk in total are now required? 100+10=110 litres. There is so much demand. If 110 litres of milk is immediately available here, supply and demand will coincide and the market price of 1 litre remains 1.50 as before. But, supply and demand are not equal. Demand has risen to some extent. But, milk

supply does not suddenly rise even if demand rises. We have to use less supply for more needs. Now, a situation appears whereby commodity moves very rapidly. The buyers will be anxious to buy that commodity. This situation indicates to the sellers that the demand for the commodity has risen. In that situation, the sellers raise the commodity price to 'some' extent. The buyers buy that commodity at that increased price only.

When 110 litres of milk are required, the need will not be satisfied even if higher price is paid for 100 litres. However higher is the price you pay, there are no 110 litres. Then what will happen? More needs are adjusted with less milk only.

Why did demand for milk, in fact, rise? Some people, who did not use milk earlier, might have started using it. Or, the old consumers themselves increased the use of milk. Or, both things might have happened. However much the demand rose, old consumers and new consumers together have to use 'only the available milk'. All the buyers will pay higher price for the commodity.

Let us suppose that the regular demand for milk consumption is as ever and supply has increased. Then, there will not be any indication of selling the entire commodity. Sales will be very dull. That situation indicates the existence of more supply than demand. The sellers will be anxious to sell their respective commodities. Depending on the situation, they will reduce the commodity price to some extent. Due to the lowering of price, more commodities will be sold at the reduced price. Even now some change takes place in the consumption of the commodities. Those who always use those commodities, may now use more quantity of commodities. Or, those who never use may also use some quantity of commodities. These changes take place because the commodities are available at the reduced price. In this manner, when the supply of commodities increase, changes in its consumption occur accordingly.

We have seen that market price increases if **d** is more than **s** and decreases if **s** is more than **d**. How is the change taken into account when price increases or decreases? Is there any measurement for that?

When a change in price takes place due to a change in **d**, that change does not depend on any measurement. It (the price) can be anything depending upon a given situation. It is because, a change in demand does not mean a change in the 'quantity of labour'. Increase in demand does

not mean increase in the labour contained in the commodity. Similarly, decrease in demand does not mean decrease in the labour contained in the commodity. In fact, price of the commodity need not change however the demand changes. But, price under capitalism depends on the market forces only. Even when labour contained in the commodity does not change, price changes if demand changes. But, the change in that price will not be in a particular measurement. The price settles down at some point or the other depending upon the competition among buyers and sellers.

When change occurs in 'supply', the quantity of labour in the commodity changes. If price changes in such contexts, that change will depend on some measurement. The change in the price will be in proportion to the change in the labour.

(In some contexts, even when change occurs in the supply, the quantity of labour in the commodity does not change. We have earlier seen this kind of example also.

Finally, the essence of the matter is: it is not possible to determine precisely as to how price changes when supply and demand do not coincide.

But, even in such contexts, the price will not change as the capitalist wants. It too will have a general law, namely, 'all branches together have to share the surplus value available in the society'. This law itself inevitably sets limits to the prices.

The 'entire capital' existing in all the branches in the society will have a limit. The total surplus value that the capital produced too will have a limit. That capital has to share that surplus value only. Therefore, however the price may decrease in a given branch, that price should at least be enough so as to recover the capital and receive minimum profit.

Similarly, if the price in a branch increases too much due to fluctuations in the supply and demand, it will not increase to such a level as to take away the surplus value of all branches, however much it may increase. If it happens so, the other branches will not get minimum profits. Therefore, whatever changes may take place in the prices due to fluctuations in supply and demand, those changes will not be without any conditions and limits.

When price increases due to the increase in demand, the profit that the capital gets will be higher than the 'general profit'. Let us see this point by an example.

100 litres of milk. Capital is 100. General rate of profit is 50%. Production price=100K+50P=150. The production price of 1 litre is 1.50.

If these supply and demand coincide, the production price itself is market price.

Then, the profit rate of that branch will be equal to the 'general rate of profit'.

But, let us say the demand for milk has increased by 10%. There is no rule that price increases as much percent as the demand increases. But, as we have to assume some rise in the price for the sake of example, let us say that it increased by 10%. While the production price is 150, an increase by 10% means that the market price is 150+15=165. The price for 1 litre is 1.65.

Every capitalist in this branch sells his commodity at this increased price. The entire commodity sells at the increased price only. Profit on 100 capital is 65. That is, profit rate in this branch is 65%. It is 15% more than the general rate of profit. It means that this branch will be able to snatch more portion than the general profit from the mass of social surplus value.

Now, let us see an example where demand remains as ever and supply increases (where supply increases due to more capital in that branch). There is a demand for 100 litres of milk. But, supply has increased by 10%. That is, now the supply is 100+10=110 litres. It does not mean that the 100 capital alone produced these 110 litres. If supply increases by 10%, capital too increases by, let us say, 10%. 110 capital produce 110 litres. The quantity of labour has not changed in 1 unit.

Let us suppose the general rate of profit is 50% even now. Now, the production price is 110 capital+55 general profit=165. If the production price of 110 litres is 165, the production price of 1 litre is 1.50. The production price has not changed since supply rose due to the increase of capital. If supply and demand are equal, the production price itself be market price. But, while demand is only 100 litres, supply became 110 litres.

We have seen earlier as to what the situation of the sales would be when supply increases. Sales go very dull. Anxiety increases among sellers. They reduce the price to some extent. This price reduction is not due to the reduction of quantity of labour spent on the labour. It is a price reduction without the reduction of labour and let us say the price has decreased by 10% like this. Then, what will be the market price of 110 litres? What will be the market price of 1 litre?

Supply is of 110 litres. Its production price is 165. If this decreases by 10%, it amounts to 16½. Then, the market price of 110 litres=165-16½=148½. The market price of 1 litre=1.35. Owing to a decrease in the market price compared to the production price, the profit rate that comes through this commodity will decrease, compared to the general rate of profit. The profit rate decreases to such an extent that 38½ profit remains if we deduct cost price of 110 from the market price of 148½. This is the profit that came on 110 capital. If the profit is 38½ on 110 capital, then as percentage, it will be 38½×110 × 100=35%. This is the profit rate that comes after the decrease of the market price. This is less than the general rate of profit.

The general situation is that all commodities move out with 'low price' when supply is more than the demand. But, some portion of the commodities may not move even with low price if supply is too much. Which means, some portion of commodities may cease to sell. If it is a perishable commodity, it will perish when stored even for a very little time. If it is not a perishable commodity, it will sell in the subsequent period. But, the new supply that comes in the subsequent period should decrease. If supply does not decrease and demand does not increase for any reason, the commodities begin to remain standstill. But, we take only the general situation. The general situation implies that the entire commodities will go on selling (with less price).

The market price that forms for all commodities in a given branch applies to each individual part. If the market price of 100 metres' cloth is 200, the price of 1 metre is 2. Or, if the price of 100 metres market price is 150, the price of 1 metre is 1.50 and so on.

Here, we have to make a minor modification. Let us say the market price of 1 metre is Rs.2. A capitalist got 200 by selling 100 metres. Does it mean that the capitalist sold each metre exactly at the rate of Rs.2? No.

While selling the commodities, there will be various 'bargaining' methods. The capitalist may sell from the same bundle 1 metre of cloth for 5 paise more and another metre for 5 paise less. If we keep this 'bargain' in view, market prices will not be identical like a precise circle. Let us say that 200 came after selling the total 100 metres with little differences in the price. It means only thus the price of 1 metre cloth came to 2.

It means the same when we say: "All the capitalists in a given branch sell their commodities at the same market price". There may be little differences among the market prices at which capitalists sell the same kind of commodity. If we add all those slightly varying market prices and take an average (it doesn't mean that some one would do this job), it means the same average stands as 2 per metre. When we say 'market price' it is an 'average market price' only.

If supply and demand are equal, production price itself is market price. Then the general rate of profit itself is the rate of profit of that branch.

If **d** is more than **s**, the market price increases more than the production price and the profit of that branch increases more than the 'general rate'.

If **s** is greater that **d**, market price becomes less than the production price and the profit rate of that branch becomes less than the general rate.

If supply and demand in all the branches are equal, profit rates will be uniform in all the branches.

But, owing to various kinds of fluctuations in the supply and demand of different branches, 'uniformity in the profit rates of branches' would be disturbed.

If the gap between supply and demand is too wide, then the market price deviates very far from production price.

During the periods when **s** is less, the capitalists of that branch raise the prices of their commodities as they like as if they have monopoly to raise the prices. Through those prices, they would be able to earn huge profits for some period of time. On the other hand, in the branches where **s** is more, market prices diminish profit rates.

If **s** diminishes and **d** increases in a given branch, capitalists make

attempts to raise **s**. If **s** rises and **d** diminishes, attempts either to diminish **s** or to raise **d** will be made. Thus, due to the competition of capitals, the fluctuations of **s** and **d** influence each other.

Let us take a period of 1 year. Let us say that the production prices stood as market prices in all the branches during that period.

The totality of the market prices is the totality of production prices.

The totality of production prices is the totality of values.

That is, the totality of market prices is the totality of values.

Now, let us see the example in another way. Supposing 'demand' is more in some branches and 'supply' is more in other branches. Market prices will be higher than the production prices in those branches where demand is greater and lower in those branches where supply is greater. In such circumstances, if we add the market prices of all the branches that sum alone will be the 'sum of production prices'.

Moreover, that sum alone is the sum of values.

That is, however be the market prices in the individual branches (whether they are equal to or different from the production prices), the totality of the market prices of all the branches alone will be the totality of production prices. That itself is the total of values.

Let us once see these things by means of the example of 2 branches that we have seen earlier.

Let us say that 2 branches alone constitute the whole society. The production of the 2 branches alone is the total production. Capital in each branch is 100. The commodity value in one branch is 190. Commodity value in another branch is 110. The production price of the commodity of each branch is 150. In this example, if the magnitude of the capital in each branch of the 2 branches is as much as required, **s** and **d** will be equal, production prices stand as market prices and the profit rates of the 2 branches will be equal to the 'general rate of profit'.

Instead, supposing, from that 200 capital, a capital with magnitude higher than what is actually required functions in one branch and a capital with a magnitude lower than what is actually required functions in another branch. Then **s** and **d** in the 2 branches will become unequal. Owing to that, the production prices will deviate from the market prices in both the

branches. However, even then, the total of market prices itself is the total of values.

When production prices stand as market prices:

Value	Production price	Market price	Deviation of market prices from the 'value'
In the 1st branch : 190	150	150	–40
In the 2nd branch: 110	150	150	+40
Total : 300	300	300	

When 'market prices' are deviant from the 'production prices':

In this example, we have to slightly modify the capitals of the branches unlike the first example. It is because, **s** and **d** fluctuate owing to the fact that magnitude of capital in a given branch is not as per requirement. Only due to this, market prices will deviate from the production prices. Therefore, capitals in this example, should be different from those in the first example.

That is, capital in one branch should be more than in the past and capital in another branch should be less than in the past. But, the total of those capitals should be 200 only. But, even then, the composition of capitals and the rate of surplus value should be as in the past. However, since we are taking capitals differently from the past, their masses of surplus value too will be different from the past. Owing to this, commodity values also will be different from the past. This new example appears as if it has nothing to do with the old example. Yet, we may see, through this new example, that production prices deviate from the values and market values deviate from the production prices. But, it would be confusing to see all these details. Hence, in order to make our example simple, we are retaining the capitals and commodity values as in the first example. We will see in this example simply the deviation of market prices from the 'production prices'.

When market prices deviate from the production prices:

Value	Production price	Market price	Deviation of market prices from the 'value'
1st branch: 190	150	170	-20
2nd branch: 110	150	130	+20
Total : 300	300	300	

The total of values in the 2 examples together is 300.

'Transformation of values into production prices' means, adding the decreased portion of one place at another place. Therefore, whatever way the values may transform into production prices, the total of such transformed production prices will be equal to the total of values. Hence, the total of production prices too is 300 only.

'Transformation of production of prices into market prices' also means adding the decreased portion of one place at another place. Therefore, whatever way the production prices may transform into market price, if we add such transformed market prices, that total will be equal to the total of production prices. That is why, the total of market prices too is 300.

It means that the total of market prices is the total of values either when production prices stand as market prices or deviate from the market prices.

Both the branches have the same profit rate in the first example.

In the second example, there is a higher profit rate at one place and lower rate at another place.

If **s** is much greater than **d** in a given branch, the market price will diminish greatly. Some of the individual capitalists, who operate on a very small scale in that branch, not only do not get profit but may even not get back the invested capital. This situation exists only in the case of

some individual capitalists but never in the whole of the branch. If a situation arises whereby all the capitalists in the branch do not get the invested capital, reproduction in that branch will not be possible. Therefore, however much the market price may diminish in a branch, non-return of capital happens in the case of some people only but not in the case of whole branch (that is, in the case of all the capitalists of that branch).

Will the value appear to us?

We purchased a commodity with 2. Can we suppose that 'the value of this commodity is 2'. We should not suppose like that. It is merely market price. At the most, it could be production price (if the production price itself stands as market price). It cannot be 'value'.

On another occasion, we have gone to a capitalist to buy coarse cloth.

"The price of one meter is Rs.2", said the capitalist.

"Reduce the price", said we.

Finally, he gave it for 1.95. It is market price. But, can we consider the initially quoted price of Rs.2 as 'production price'? What is the production price of a commodity is it the same price that the capitalist quotes at the beginning? No, we can't say like that. It may be either 'production price' or that price of 2 may also be a price that has already been quoted little less. If the supply of that commodity is already somewhat more, the capitalist would quote at the beginning itself a reduced price. He would write reduced price itself over the commodity. Hence, by looking at the price written over the commodity, we cannot decide that 'this is production price'. It may or may not be production price. Well, regarding 'value', it will never appear. Both the workers as well as capitalists do not know that behind the outwardly seen market prices there lies an extensive mechanism that fixes those prices.

Now, another question: 'Transformation of values into productive prices' takes place for the sake of the 'general rate of profit', isn't it? This means, shifting of some surplus value from the branches possessing greater quantity of surplus value to those branches possessing smaller quantity of surplus value, isn't it? Will the law of 'general rate of profit' become inoperative due to the transformation of production prices into

market prices? Does it mean that 'capable of equal magnitude' stop getting 'equal profits'? This is the question. Yes! When the market prices deviate very widely from the production prices, the profit rates of different branches will be different. Then, equal rates of profit will be disturbed. But these conditions will not remain like that. The competition among capitals will keep on trying to bring these conditions closer again to the 'equal rate of profit'.

But, if the competition for the 'equal rate of profit' has to continue in the least, the main prequisite is that capitalism should have already developed to some extent. For the development of capitalism, there should be conditions that enable capitals to shift the branches very rapidly. Workers too should acquire technical knowledge that enables them to shift to different branches. There should be an established banking system that provides capital to the capitalists. If all these kinds of conditions exist, capitals attempt to shift branches rapidly and produce only those commodities that fetch huge profits. Such a situation would make the equal rate of profit possible. If there are no conditions that facilitate such a competition among the capitals, the profit rates of different branches will widely vary.

So far we have seen the society by means of the example of 2 branches. Now, if we see by means of the example of 5 branches, things will appear more clearly.

We have seen a table earlier in the very example of 5 branches. In that table, we have seen the values and the production values of those branches. Now, let us see market prices along with them.

We may take the market price of any branch in any manner. But, when we add all the market prices of the 5 branches, that total should be equal to the total production prices. Moreover, however less the market price of a given branch may be, it should fetch some profit along with the capital.

From the table that we are going to see now, we will know about the values, production prices and market prices of the 5 branches. We will also know how deviant the production prices are from the values, how deviant the market prices are from the production prices and how deviant the market prices are from the values.

Commodities of total 5 branches in the society

Branch	Value	Production price	Market price	Difference between the production price and market price	Difference between the value and market price
1	90	106	104	–2	+14
2	111	117	123	+6	+12
3	131	127	127	0	– 4
4	175	126	125	–1	–50
5	20	51	48	–3	+28
Total	527	527	527	Total pluses: 6 Total minuses: 6	Total pluses: 54 Total minuses: 54

There are many things in this table.

The total of values itself is the total of production prices. That total itself is the total of market prices.

As soon as we observe the transformation of production price of 106 of the 1st branch into the market price of 104, we can know that it happened so because **s** is more than **d**. Production price and market price in the 3rd branch are alike. It means that **s** and **d** are equal.

Market prices are lower than the production price in the 1st, 4th and 5th branches. That is, in these 3 branches, **s** is greater than **d** is more than **s**. Similarly, in this example, market price increased production price by 6. Where does this 6 come from? 2 from the 1st branch, 1 from the 4th branch, 3 from the 5th branch and on the whole 6 value has gone into the 2nd branch.

If production price itself stands as market price in the 1st branch, this branch would have received 16 surplus value from other branches. But, this branch received only 14 value since the market price has decreased by 2 than the production price. It is the same case with other branches too.

In these examples, we are seeing not only market prices but also

production prices. But, it does not happen like this in actual life. In actual life, whatever branch we may consider, except its market price, no other aspect appears behind it. Yet, we have to understand the totality of the market prices as totality of production prices. Moreover, the totality of those production prices itself is the totality of the values.

It means that in the case of total mass of commodities, we will know not only the market price but also its production price. This is not possible in the case of individual commodities. However, it is possible to calculate the values of individual commodities in the 'new society' than in the capitalist society. Let us see these details on another occasion. Here, we have to see certain things concerning **s** and **d**.

When 'price' rises due to the rise in the 'value' of the commodity, demand may decrease to some extent. If price rises too much, demand decreases a lot. Supply decreases if demand keeps decreasing. If supply keeps decreasing, price remains stable without a decrease. If supply diminish too much, price increases. In this manner, changes in **s** and **d** take place due to changes in the price and changes in the price take place due to changes in the **s** and **d**. All these things are mutually influencing and mutually interconnected.

'Changes' may take place due to 3 factors: commodity value, supply and demand.

If 'value' changes, 'price' may change.

If 'supply' changes, 'price' may change.

If 'demand' changes, 'price' may change.

Each one of the 3 factors combine together and form into various combinations. The old price may, to some extent, increase, decrease or remain stable.

(1) 'Supply' is as before. 'Demand' decreases by 10%. Commodity value decreases by 10%. What could be the new price? Since **d** decreased by 10% without a change in **s**, the price should decrease by 10%. Since commodity value rose by 10%, the price should rise by 10%. Since the condition that decreases the price on the one side and the condition that increases the price on the other side are equal, the price may remain stable.

(2) Value decreased by 5%. **s** has increased by 15%. **d** has decreased

by 15%. What could be the new price? Since value diminished, the price should diminish. Since **s** increased, the price should decrease. Since **d** also decreased, the price should decrease. All the conditions will decrease the price compared to the past.

In this manner, market price is formed under the influence of changes in the value as well as **s** and **d**.

(1) What is the role of s and d?

We have seen that **s** and **d** perform the role of transforming production price into market price.

If we consider 'supply' in isolation, it performs the role of changing the value in some contexts. We have seen this fact as well.

Let us suppose the 'value' of a commodity is 10. To make our example simple, let us not take 'production price' into consideration. Let us suppose that **s** and **d** act on the 'value'.

If a commodity leaves for the market with '10 value', it would have some value before it enters into the market. That value is something that is formed on the basis of total commodity supply in a given branch. That is, on the basis of 'quantity of labour'. Thus, when that commodity enters into the market with 10 value, the demand for that commodity will confront the supply. The demand may either be more or less than that supply. Depending upon that difference, that 10 value may transform into either higher price or lower price. Let us suppose that, in this example, **d** is greater than the **s** and price has become 11.

In the question of 'price', 'value' is the 'foundation' or 'centre'. The difference between **s** and **d** can exert some influence on that centre. Then the price may form either above or below that centre.

Only if there is something called '10 value' originally, it could become less than 10 or more than 10.

Only if there is something called '5 value' originally, it could become less than 5 or more than 5.

Only if there is something called '30 value' originally, it could become less than 30 or more than 30.

In this manner, if there is some centre, then **s** and **d** will have some impact on it.

Here, in our example, there is '10 value' originally. If there is no centre called '10', how can the **s** and **d** fetch '11 price'? Therefore, the role of **s** and **d** is that they can simply make the price above or below the 'value' to some extent, but they cannot independently determine the 'price'.

If **s** and **d** coincide, then there will not be any influence on value! When there is no influence on the value, value itself will stand as price.

The price of the commodity in this example here is 11. This is the price that is deviant from the value. When we see this commodity in the market, its '11 price' alone appears but not its 10 value.

What is the answer to the question that we put, by looking at this 11 price, thus: "What is the cause for this 11 price?"

"Due to **s** and **d**", is this the answer? No. It is not a complete answer. The role of **s** and **d** in the formation of that price is secondary. The main role is not that of **s** and **d**. It is of the value alone. Therefore, the correct answer is that 'Due to the combination of 2 factors: (1) The foundation called 'value' and (2) Divergence of **s** and **d**. But, the capitalist economist does not grasp the foundation called 'value' (the root cause called 'quantity of labour'). He will be concerned only with **s** and **d**. What appears in the market is price reduction if **s** increases and price rise if **d** increases. The economist sees merely whatever appears outwardly to him in the market. That is why, to the question "How is the price formed for a commodity", that economist with great enthusiasm declares thus: "Due to **s** and **d**". He treats the whole thing about 'price' as an influence of **s** and **d**.

But, the influences of **s** and **d** are the conditions that confront the commodity after it goes to the market. The commodity should have some value by the time it leaves for the market. The commodity does not enter into the market without any value. But, the capitalist economist, lacking proper understanding, holds many confusing notions.

The capitalist economist says that the divergence between **s** and **d** determines the price, doesn't he?

Suppose there is no divergence between **s** and **d**. They are equal.

Let us say that there is no influence, either of **s** or of **d**, on the price. But, even then the commodity will have a price, isn't it? What is the basis for that price? That price must have formed due to 'some other reason' independent of the influence of **s** and **d**. What is that reason? That reason is nothing but 'value'. That is, the 'total labour' spent for making the commodity. This is not something that appears outwardly like price. It is easy for the capitalist intellectual to treat as a great theory whatever and however appears outwardly. That is why, this intellectual easily declares that **s** and **d** determine the price. This intellectual will not have any knowledge beyond the market price.

We can understand the real foundation (namely the foundation of 'surplus value') only when we understand that 'value' stands behind the 'price'. But when we see 'market price' alone, it conceals the actual fact. This is how it does. Greater the market price, greater the profit; lower the market price, lower the profit. Changes in this market price occur due to **s** and **d**. Hence, **s** and **d** appear to be the causes for the formation of and variation in the price. Further, **s** and **d** appear to be the causes for getting profit as well as its increase and decrease.

For the capitalist economist, whatever appears outwardly is the naked truth. That is why, to the question 'How is price formed?', the economist, unhesitatingly, offers the following answer: "Due to **s** and **d**"

Further, to the question, "How does profit come?", the same answer: "Due to **s** and **d**."

The capitalist economic knowledge revolves around **s** and **d**.

(2) Is 'demand of the market' a real demand?

At the very first moment, when we talk of **s** and **d**, we have to understand one point.

In the case of 'milk', supply is of 100 litres. When we say that 'demand of 100 litres is equal to supply', does it mean that there is no situation in the society whereby milk more than 100 litres is used? No. This 'demand' is something to do exclusively with the 'market'. This is a calculation concerning the question 'How much milk will sell?' This calculation is not something connected with the real needs of the society.

Take any exploitative society, 70 to 80% of the total population in

that society is not in a position to use milk as a necessity of daily life. Only the remaining 29 to 30% of people can afford to buy the milk. While large number of people in the population live without seeing the 'face' of milk and when more than 100 litres of milk is being produced in our example, what does it mean if we say that 'supply has increased'. Why do we say that there is no demand for so much milk and there is no need to produce so much milk. All this language is market language; exclusively confined to sales and purchases. Neither this supply nor this demand express the aspects that are really necessary for the whole society.

Let us say that there is a total population of 1 crore (100 lacs) in a country. As per the principles of health, each person needs half litre per day. For the whole population of one crore, 50 lacs litres of milk is required. This is the real demand. But, this country is a capitalist country. (It is the same case with the past exploitative societies). Let us say that 70% of the population consists of manual labourers and only 30% of the population can afford to use the milk. That is, only 30 lacs of the entire population can buy the milk. 15 lacs litres of milk is enough for them. Let us suppose that the remaining 70% of the population too consume one-lac litres of milk for coffee and tea, for infants and patients. It means that 16 litres of milk is sold daily in the country. While the real demand for milk is 50 lacs litres, only 16 lacs demand appears in the market. Only if all the capitalists in the milk branch produce 16 lacs litres, they will be able to sell their respective commodity (milk) at the 'production price'. The price of the commodity diminishes if the supply increases even to the least extent. The price increases if the supply of the commodity decreases even to the least extent.

s and **d** are always elastic. It means that they have the quality of expanding and contracting according to time. If price rises due to rise in the value of the commodity, demand decreases. Or if the price decreases, demand increases.

Market demand always depends on the 'value' (money). That is why, it (the demand) diminishes or rises depending upon the changes in the 'price'.

The demand that depends on 'the use value', instead of 'exchange value', (that is, the demand that depends on the natural requirements) is not elastic. It will not change either due to divergences in the price or due

to any other external differences. It changes only when natural needs change. The real demand is the quantity of articles that are produced on the basis of such needs.

The capitalist demand does not depend on natural needs. The capitalist demand is the social purchasing capacity (capacity of the society to purchase commodities). The capitalist supply is merely the quantity of commodities to be produced in accordance with the purchasing capacity. That is why, whenever we talk of supply and demand, it means that we are talking about the market quantity instead of quantities that are naturally necessary for society.

In the capitalist view, there will not be a distinction between the market needs and the real needs. If we consider the case of milk, capitalists too know the fact that some part of the population in the society does not use milk. But, it is a very natural thing in their view. Who are the people who do not use milk? Poor workers and unemployed workers! All of them are poor people, aren't they ? The poor do not use milk, do they? This alone is what the capitalists are able to see. To the capitalistic view, the fact that 'the poor do not use milk is a 'truth of nature'! The cow is a 'truth of nature'! The cow is a vegetarian animal. It does not eat mutton. It eats only grass. Similarly, the poor do not drink milk. They drink only starch-water (gruel). Therefore, societal demand is only that demand which is formed due to those who drink milk and who buy milk. Their need alone is the society's need. Thus, the capitalistic view treats the market need alone as the natural need.

It is the same case with all products such as good food, good clothing, good houses, medicines, educational facilities, travelling facilities etc. The needs of those who can buy the facilities alone constitute society's needs! The needs of those who cannot buy commodities are non-existent for the society! Therefore, for capitalism, its economists and its intellectual psychophants who glorify it, there will not be a greater world than 'market'. Market alone is their entire world. Market knowledge alone is their whole knowledge. They do not have a 'natural nature' beyond sales and purchases.

Since we are examining capitalism here, we are discussing **s** and **d** concerning capitalism.

The fluctuations in **s** and **d** cause production prices and market prices

diverge from each other, don't they? Then what is it that makes **s** and **d** diverge from each other? We know the answer. The situation that lacks a 'collective plan', namely, 'how much capital should function in a given branch', makes **s** become either more or less than the 'required quantity'. Similarly, on the other hand, if we consider the case of demand, conditions that do not depend on the natural needs make demand too more or less. When these kinds of **s** and **d** confront each other, they will inevitably diverge from one another.

An individual capitalist of a given branch does not know the total quantity of commodities for which there is demand or the quantity of commodities that the other capitalists and himself in that branch are supplying.

Let us say that in a given branch, every capitalist understands the fact thus: 'I will be able to sell only this much commodity'; and produces only that much commodity. If every one produces only as much amount of commodities as they sell, then the entire commodity available in that branch would be equal to the demand. But no capitalist is inclined to produce as much commodity as he can sell. Exactly contrary to this, he would try to 'sell as much commodity as he can produce'. Every capitalist is placed in such a situation whereby he has to sell his commodities by 'competing' with other capitalists, isn't it? Hence, he would try to raise the level of production in order to sell the commodities little cheaply by curtailing the costs of the commodity. Disregarding the fact whether he can sell or not, he would produce as much commodity as possible and some how sell the entire commodity by troubling himself. Once in a while, he would be entangled in a situation whereby he cannot sell the entire commodity. Every capitalist behaves in the same manner. It means that the natural character of capitalism is not: 'production of as many commodities as saleable', but sale of commodities as many as produced'! Here, it is not production according to sale but sale according to production. Here, owing to features such as profit and competition, the supply of a given branch is many a time found in unequal proportion, rather than in equal proportions, to the demand. If **s** and **d** are found equal at any time, it is accidental. We should not treat an accidental phenomenon as a general phenomenon.

As there is no proper plan with regard to the amount of capital that has to function in a given branch, either more capital or less capital than

required is always found functioning. Due to this, market price will inevitably be deviating from the production price.

When we say that 'there will not be a proper plan in capitalism', it does not mean that 'there will not be a plan at all'. It will definitely have a plan according to its nature. The capitalist plan always depends on the past market conditions. That is, on the then existing 'market prices' and 'profit rates'!

Capitalists grasp the conditions of **s** and **d** only through 'profit rates' by assuming that there is more demand if more profits are coming in a given branch and there is less demand if profit is declining in a given branch.

But, how does a capitalist of a given branch know the profit rates of other branches? It is because, it is an open fact as to 'what is the market price of the commodity in any branch. It is possible to calculate how much cost price it would be to produce that commodity. If we deduct cost price from the market price, we will know the profit rate that the capitalist gets from that commodity. Thus, capitalists in one branch will be able to calculate the profit rates of other branches too.

The only thing that the fellow called capitalist does day and night is to calculate profits of his and others' branches. He should know the profits of other branches if he wants to channelise his capital to some other branch.

In their 'struggle' to equalise profit rates, capitalists keep on changing the magnitudes of their capitals. In that manner, they keep changing the **s** and **d** of the branches without being aware of it.

(3) Once again on 'supply and demand'

The capitalist will always have profit in view. Variations in profit depend on market prices and variations in market prices depend on **s** and **d**. Hence, to the economist who grasps things with a capitalistic intellect, **s** and **d** appear to be great 'economic laws'. To them it appears that the whole world is depending on the truth of **s** and **d**.

Then, what is the basis for **s** and **d**? Is it not possible to keep **s** and **d** equal? What will be its influence if **s** and **d** are equal? The economists will not raise these questions.

True. **s** and **d** operate as great economic laws in the world of

capitalistic markets. Hence, even an ordinary economist can see their specific nature. But, that economist does not understand the fact that they are merely superficial economic laws. Which means, that economist does not grasp the fact that **s** and **d** depend on some other factor (the factor that capitals in the branches are haphazard).

The influence of **s** and **d** on the formation of price will be manifold. The influence may be from the side of either **s** or **d**. The price is formed according to that factor whose influence is more. The confusion will be unraveled only if we catch the 'foundation' of the 'price' in this confusing situation wherein many factors operate from many sides, cancel one another and exert manifold influence. Catching 'value' itself is catching that 'foundation'.

If nothing should influence 'price', the forces of **s** and **d** should cease operating. That is, **s** and **d** should be equal. While **s** and **d** operate, the actual facts connected with the formation of the price do not appear.

If **s** and **d** are divergent, it is easy to grasp the fact that the price varies due to this divergence since the same thing appears outwardly too. But, what will happen if **s** and **d** are equal? What does equality of **s** and **d** mean? In order to know these things, we need to know the internal aspects of the mode of production.

Value itself has to stand as the market price when **s** and **d** are equal in the real sense of 'law of value' and not in the capitalistic sense. That is, there should be no difference between the 'value' and the 'market price'. But, it does not happen so in capitalism even when **s** and **d** are equal. That is, value itself will not stand as market price. It will stand as production price.

s and **d** indicate only the 'market price' but not the 'value'.

If that market price is equal to 'production price', it amounts to the fact that **s** and **d** have shown the 'production price' as well. But, they will not show the 'value'.

s and **d** do not explain the fact that the commodity will have an 'actual value' and it is formed by such factors, namely, **c+v+s**. But, the economist, who tries to view all the aspects of economics only through **s** and **d**, will be able to see only 'market price' through **s** and **d**. Beyond that, he can not see the internal aspects of 'value'.

In daily life, only 'market price' appears; neither 'value' nor 'production price' appears. But, in order to understand rationally any aspect of 'economic science', we have to carry out the entire investigation on the foundation called 'value'. We have to examine every aspect only in connection with the 'value'. If we simply see the 'market price' what we find are the superficial prices of buying and selling only.

Capitalism does not mean merely selling and buying of commodities. That is, not merely transformation of commodities into money and money into commodities. Capitalist commodity is not a 'simple commodity'. These are more complex than the exchange of 'simple commodities'. Here, 'capitals of equal magnitudes should get equal profits' in these sales of commodities. Only to fulfil this condition, 'price' should invariably deviate from 'value'. The competition among capitals will lead things to happen like that.

The competition among branches manifests, in practice, in the form of **s** and **d** (that is in the form of market prices formed by **s** and **d**). For the capitalist, a given branch is as good as the other branches if his capital gets the same profit wherever it is. Shifting of branches by capitals creates a particular relationship between **s** and **d**. The relationship between **s** and **d** means whether these 2 factors are 'equal' to one another or 'unequal'. The frequent 'equality' or 'inequality' between **s** and **d** depends on the nature of mode of production. To say this briefly, 'the relationship between **s** and **d** depends on the 'mode of production'.

Generally, **s** and **d** will be mutually contradictory under capitalism. That is they will be 'unequal'. Their 'equality' will be in the form of an 'average' of movements of their fluctuations during a certain longer period only. Even if 'equality' between **s** and **d** is formed during a given period, it will not be stable like that. Equality becomes inequality and inequality become equality.

8. Price in the past societies

The causal factors that transform 'value' into 'production price' and 'production price' into 'market price' under capitalism are not found in the past societies. Hence, the value of the past societies remains as price instead of fluctuating either above or below the price. We have seen this point to some extent earlier. Now, we will see it in greater detail.

Products in the past societies are not produced for the sake of sales. A large part of those products are used without 'exchanges'. Even the exchangeable products are exchanged for the sake of 'needs' only.

When one says that 'production in the past societies is meant for the needs only' does it mean that all the needs of slaves and feudal peasants were satisfied equally with the masters?

No. It is merely the 'value of labour power' that the labourers in any exploitative society receive. No need is really satisfied with the value of 'labour power'. The entire portion of surplus production belongs to the class of masters.

When we speak of 'needs', we have to classify them into real needs and market needs. In no exploitative society do we find a mode of production that is carried with the perspective of real needs. There is a difference between the past societies and capitalist society only in the case of market needs, that is, in the case of commodities that are sold and purchased.

In the capitalist society, the entire production in each branch has to pass through the stage of exchanges. But, the situation in the past societies is not like this. Exchanges exist in the past societies also. But, they are at a very small scale. Large part of production is consumed for the sake of private needs only without exchanges.

We find 'hoarding of money' by the class of masters in the past societies as well. But, since sale of commodities is very less, hoarding of money too is carried out on a very small scale.

Though 'exploitation' exists in the past societies, it is not be in the form of investing capitals and earning equal profits for equal capitals.

Similarly there is no such situation whereby production is first carried on a large scale in a competitive manner and then looks for sales. It means that there will not be a situation whereby **s** and **d** fluctuate.

Hence, owing to these reasons, we may view the category of 'price' in the past societies as follows:

(1) Value does not transform into production price in the past societies since there will not be a situation here whereby 'capitals of equal magnitudes will have equal profit rate'.

(2) In the past societies, value does not transform into even the market price since there isn't a situation whereby **s** and **d** fluctuate.

The meaning of this situation is that 'value itself stands as price' in the past societies.

However, if prices have to be fully in accordance with value, commodity exchanges should take place frequently instead of half yearly or yearly. Further, the production of commodities should be in such necessary quantities so as to satisfy the wants of both the parties. Only if exchanges occur frequently, people would know, through those experiences of the 2 commodities that are required to be present in an exchange. Further, owing to those experiences, it is possible to know the quantities of commodities that are required so that they do not cause divergence between **s** and **d**.

In the past societies, though 'the quantities of needs' are clearly known, **s** and **d** may diverge on certain occasions. On account of this, 'price' may deviate either above or below from the 'value'. But, this is something that occurs very rarely and is not a frequently occurring thing. That is, **s** and **d** always coincide there. Hence, in the past societies, 'value itself always stands as price.'

Sale of the entire production is the special feature of capitalist system. Therefore, 'transformation of value into production price' and 'production price into market price' are the specific features of this system. These features are not found in the past societies.

9. Different profit rates in different branches

We have seen that the compositions (proportion of constant and variable portions) of capitals would be different since different branches produce different kinds of commodities. That is, each aspect concerning conditions of production in different branches will be different. Due to this, the sums of surplus value that the different branches produce will be different. We have to first recall once more these things that we have seen earlier.

If some branches require more mental labours, some branches require more manual labours. Within those required labours, some branches require skilled labours and some require unskilled. Owing to these differences, there arise difference among the values of labour power

(variable portions) spent in those branches. It follows that there arise differences in the production of surplus values as well.

There will be differences in the lengths of the 'working day' among branches. All branches will not have 3 shifts. The modes of extracting 'labour' will not be at the same level even in those branches where there are 3 shifts. Owing to these differences also, there arise differences in the production of 'surplus value'.

If 'productivity' is low in a given branch, though variable is greater, then 'surplus value' will be less. Even if variable in another branch is less, the surplus value there will be more provided 'production' is high. All these are specific conditions of branches.

In this manner, many aspects concerning the conditions of production of different branches will be different. However, many of the differences balance each other out to a large extent. Yet, there remain inevitably some more differences. Owing to those differences, different branches produce different sums of surplus values. That is, some branches produce more surplus value with less capital and some branches produce less surplus value with more capital. The essence of this is that capitals of the same magnitudes produce surplus values of different sizes. The competition among the capitals solves this problem in its own way. In such a way that capitals of equal magnitudes get equal profits and surplus value of each branch does not remain in its respective branch as it is. We have already seen that values transform into production prices merely for this purpose.

If production prices alone stand as market prices in all the branches, profit rates of all the branches will be uniform. All those profit rates will be equal to the 'general rate of profit'. We have discussed these things also. However, when we speak of 'equality of profit rates', it does not mean that they will be precisely uniform. Even then, there would be minor differences among the profit rates of the branches. The fact that those differences are not too big itself signifies the uniformity of profit rates.

First of all, we have to understand the general rate of profit as an 'average situation' instead of a definite number. It is a tendency that distributes the social surplus to all the branches by means of a law of equality. That is, if we imagine the 'general rate of profit' as a 'centre' for all the profit rates, and if profit rates of different branches do not

deviate too far from that centre (either increases or decreases), then it amounts to the fact that all the profit rates are 'equal'.

If we distribute the 'total surplus value', the 'surplus value' that a 100 capital gets is the 'general rate of profit' (the average profit rate of the branches). If we see things like this, the 'general rate of profit' will stand as a definite number. But, what we have to understand properly is about the equality of profit rates of the branches with that number (that is the general rate of profit).

Let us say the general rate of profit is 50%. Let us suppose that though the profit rate in an individual branch is different by 5%, it is equal to 'general rate of profit' (that is, the difference is not countable).

Even when we say that the profit rates in all the branches are equal to the general rate, the profit rate of each branch will not be precisely 50%. It may be so precise in some branches. If the rates of certain branches are 45%, rates of certain other branches may be 55%. If the rates of some branches are 49%, in certain other branches it may be 51%. If it is 47% in some branches, it may be 53% in some branches. Thus, the rates of branches may have various kinds of differences. The rate in a given branch is the 'specific rate' concerning that branch.

Of these specific rates, some rates are a little more than the 'general rate' while some rates are less. None of these rates is divergent from the general rate by more than 5%. The very smallest rate is 45%. The very largest rate is 55%. The difference between the 2 branches does not amount to a difference. (We have to take the 'essence' of the matter as it is instead of numbers). Here, we assume that 45% and 55% are equal to the general rate. Which means, we are assuming the 'general rate' as not a precise number of 50% but rather a broad range that lies between 45% and 55%. The centre for this range is 50% only. We get this centre if we add all the specific rates and take an average. Even if the specific rates deviate a little from this centre, they amount to be equal if they don't increase above 55% and remain within these 2 limits. That is, we are leaving aside minor differences that exist among the specific rates.

The 'general rate of profit' that stands as a centre for the specific rates of the branches will never appear openly. It is not something that appears. It is an invisible power that pulls all the rates of the branches toward its centre. We imagine it as a central power that prevents wide

divergence among the specific rates of the branches. That is, we understand that fact by means of imagination.

What we have so far seen is, that even when we say that 'profit rates of branches are equal', they are not precisely uniform. There will still be minor differences. But, those differences are not countable. This is what we have seen so far.

Now, let us see another kind of example. Let us say that the 'general rate of profit' is 50% as earlier. Let us suppose that market prices are deviant from the production prices due to the divergence of **s** and **d** in the branches. Then, how will be the profits in the branches? They will be above the 'general rate' (50%) at certain places and below at certain other places.

In a branch where capital with high magnitude than required functions, **s** increases, market price decreases and its profit rate diminishes with respect to its general rate. That is, that rate will be less than 45%. (According to our condition, if the profit rate of a given branch is 45%, it amounts to be equal to the general rate. Hence, if it diminishes further, it will be divergent from the general rate). Likewise, in a branch where capital with low magnitude than required functions, there **s** diminishes, market price increases and thereby the rate of that branch will be higher than the general rate. That is, it will be higher than 55%. (If it is up to 55%, it is equal to the general rate. Therefore, only if it rises above that, it amounts that it is higher than the general rate).

Let us say that the rate in a branch with more **s** is 35% and in another branch with less **s** is 65%. Now, the difference between the rates of these 2 branches is 30%. According to our own condition, the difference is not counted if it is up to 10%. But, as the difference here is 30%, this is a big difference. Capitals do not tolerate these kinds of differences among the profit rates. Therefore, the system of competition whereby capitals shift branches will operate. However, the competition among the capitals performs the function of equalising profit rates on the one hand and the function of unequalising profit rates on the other.

'Competition' performs the function of equalising profit rates by shifting capitals from one branch to another. It performs the function of unequalising the profit rates by making attempts to raise productivity and reducing the cost price. That is, conditions that reduce the wide gaps

between profit rates of the branches on the one hand and the conditions that widen those gaps on the other hand operate in their own way. Competition leads to both kinds of conditions. Thus, competition exists with contradictory features.

The 'profit rate' itself is the 'compass' of capitals. Capitals, expecting more profit rate, increase and decrease in branches.

A situation will never exist whereby **s** and **d** are equal in all the branches simultaneously.

The general situation is such that whereby, in every branch, capital increases and decreases; **s** and **d** in that branch keep changing periodically from the past situation.

But, we have a question: If the general situation is characterised by fluctuations of **s** and **d** and hence of profits rates in branches (that is, if this situation always exists), how is it possible to postulate that all the branches always receive 'equal profits' and the profit rates of the branches are always equal to the general rate? This is how it is possible: If we consider a branch, it is a fact that **s** and **d** fluctuate in that branch. It is also a fact that, owing to that, market price too fluctuates. That is, it is also a fact that 'profit rate' in that branch fluctuates. Yet, that branch should be able to get 'equal profit rate' from those circumstances.

That is, getting an equal profit rate does not happen in an isolated context. It happens so only due to the combination of certain contexts serially (sometimes higher profit rates, some times lower profit rates). That is, if we take a long period (e.g., a period of 1 year), the average of higher and lower profit rates during this period will be closer to the 'general rate of profit'.

It means that 'getting equal profit rate' is possible in a long period of time instead of every isolated context. Yet, its essence is that the branch receives equal profit rate even in every isolated context. Therefore, we arrive at the meaning that competition fixes equal profit rate among the branches.

Let us take a period of one year in a given branch. Let us say that the capitalists in that branch produced the commodity 10 times during the period and sold it. Let us suppose that market price during that period has been some times higher and sometimes lower. Or, the price is almost

the same every time without noticeable differences. Whatever be the cost, will the total of market prices in that branch during that period be equal to the total of values? It will not be so. If it is so, it amounts to the fact that the given branch got its value as it is. If it happens so in every branch, that is, if each branch gets its value for itself, 'equal profit to capitals of equal magnitudes' does not occur.

'The total of prices will be equal to the total of value' only when we see all branches together. It does not happen If we see branches individually.

If all the branches have to get equal profits, each branch should not get its value as it is. It means that the total of market prices in a given branch in a given year should be either higher or lower than the total of values, instead of being equal. If it is higher or lower than the value, then it is 'productive price'. Therefore, the sum that is either higher or lower than the total of values will be 'total of production prices'. It means that the total of market prices in a given branch during a certain long period of time will be the total of 'production prices' instead of being 'total values'.

If it happens so in every branch, some portion of surplus value from the branches with more surplus value will go to the branches with less surplus value instead of each branch getting its respective value as it is.

The essence is that if we look at a branch in isolation, the total of its market prices in a year (or, some long period) will not be equal to the total of values' in that branch.

But, if look at all the branches together, the total of market prices of all the branches will be equal to the total of values of all branches during that period.

Therefore, when we say that 'the total of market prices itself is the total of values', this becomes true only when we see all the branches together, instead of seeing only one branch.

'Getting average profits by the branches of production' (that is, transformation of values into production prices) is possible only under capitalism where there is a mechanism that competes for profits. By capitalism, one does not mean the 'beginning stage' of that system. The law of 'average profits' emerges in the course of the 'development' of that system. If there has to be a situation whereby capitals could grab

'surplus value' equally, there must be an intense competition among capitals. There should be conditions that enable capitals and productive powers to change branches rapidly. All this is not possible when capitalism is still on the foundation of 'handicrafts'.

Development of capitalism means establishment of such features as: production of large part of social production as 'commodities'; production by means of machines; introduction of machinery in all the branches of production, readiness of labour power to shift into any branch and development of 'credit' system (this we have not yet seen).

Whenever we speak of competition among capitals, it does not mean that all the capitals small or large of a given branch come into competition with other branches. Only those 'fatty' capitals that are capable of competing would compete with each other. And those capitals that cannot compete in that branch will have to sell their commodities at the prices that are formed by the competition.

The problem of fixed means is a main hurdle in the way of capitals for shifting from one branch to another. As soon as the profit rate in a given branch begins to diminish, every capitalist cannot shift his capital from that branch. Only huge capitals are able to raise productive forces rapidly or shift the branches by selling their fixed means even at a lower price. The small capitalists who bought those fixed means remain in the same branch and satisfy themselves with low rate of profit. Yet, this situation would eliminate the trend of competition. Small capitalists too will be in competition with capitalists of their level.

The important thing to be grasped concerning 'competition' is that it does not produce profit. It simply creates a situation that is necessary for all the branches to distribute the produced profit nearly equally.

The 'general rate of profit' is not a haphazard imagination. It is an imagination that formulates rationally the fact that arises from capitalistic competition.

10. Different profit rates of different capitals in the same branch

There are 5 branches in total in the society. Let us say that their profit rates during certain period of time are: 50%, 65%, 35%, 45% and 55%. If we add all these 5 specific rates and take an average it will be

50%. This is the general rate during the long period that we have taken as an example.

It means, the 'general rate' is nothing but an average of profit rates of different branches.

According to this example, we find the rate of profit (50%) is equal to the 'general rate' in only one branch. We find rates that are higher than the 'general rate' in 2 branches and lower rates in 2 branches.

While the 'general rate' is 50%, the specific rates of the branches may vary a little this side or that side (without a change in the 'average').

Let us suppose that there is a profit rate of 55% for a certain period of time in a given branch. It is the 'specific profit rate' of that branch. Let us say that there are 10 capitalists in that branch. Will the profit rate at every capitalist be 55%? No. It will not be so. It may be like that at some capitalists only. At some, the rate may be little above than 55% and at others a little below. The rates of 10 capitalists may be of 10 kinds with minor differences!

Each fellow's profit rate is his 'individual' profit rate. Or, it is his 'specific' profit rate. (Both 'individual' and 'specific' mean the same).

The average of such individual profit rates is the 'average profit rate' of that branch! It is 55% in our example.

The 'average' profit rate of a given branch is the individual profit rate of that branch. Or, it is the specific profit rate of that branch.

The average of 'average profit rates' of all the branches is the 'general' rate of profit concerning the whole society. It is 50% in our example.

That is, the basis for the 'general rate of profit' is the average rates of branches.

The basis for the 'average rates' of the branches is the 'individual rates' that the individual capitals get in those branches.

That is, if the average profit in a branch is 55%, the basis for that is the 'individual' profit rates of that branch only. If the profit rate of each capitalist in that branch is much lower than the 55% (that is, if the profit rate of all the fellows does not exceed 20% or 30% or if it does not

exceed 50% at all the fellows), then the average profit rate in that branch will not be 55%.

Similarly, if the average rate in each branch is lower than 50%, the general rate of profit in the entire society will not be 50%.

It means that the basis for the 'general rate of profit' is the individual profit rates of different capitalists of different branches. If those individual profit rates are higher, the general rate of profit will be high and if those individual profit rates are lower, the general profit rate will be low.

Therefore, we have to properly understand the individual profit rates of the capitalists.

Let us consider a single branch in isolation. All the capitalists in that branch produce the same kind of commodity. All the fellows sell those commodities at the 'market price' only. Yet, their profit rates differ. Why? Why are the profit rates of all the fellows not uniform? It is because, the cost prices of all the fellows are not uniform. Since the cost prices differ, the profits that come from those commodities will be different.

Let us see some causes for the differences among the cost prices.

Let us consider a commodity called 'cloth'. How much capital is needed for its production? Depending on the general productivity in this branch, this capital will have a normal minimum and a normal maximum. 'Minimum level' means that it is not possible to produce that commodity with a capital lower than this minimum. The 'maximum level' means that capital more than this maximum is not required to produce that commodity. However at that maximum level and minimum level too, the capitalist can function with much more capital. This is how it happens: If we consider production with a single loom as a minimum level, he can function with 2 looms and even with many more looms.

Some expenses may be saved at a place where work is carried out with 2 looms rather than at a place where work is carried out with 1 loom. At a place where work is carried out with 10 looms, many expenses may be saved. When work is carried out on a large scale, many costs diminish and cost price per unit diminishes. Profit rises.

Similarly, while a capitalist in the printing branch may work with a single printing machine, another capitalist may carry out the work with 2

machines.

If we assume that there are a total of 10 capitals in the milk branch, the magnitudes of their capitals will not be uniform. The fellow who functions with more capital will save some expenses when compared to the fellow who functions with less capital.

The conditions of production of different capitalists may not be uniform. If one capitalist can procure raw materials somewhat cheaply another fellow may spend more on them.

There may be minimum facilities in the work place of a capitalist. There may not be even those minimum facilities at another capitalist. The second fellow is evading a large part of even these minimum expenses.

A fellow may have suitable arrangements to use the 'waste' again and prevent wastage. At such a fellow, means of production are used economically. Such arrangements may not be available at another fellow. Even if he has, they may not be adequate.

The 'instruments of labour' at one fellow may be more favourable and repairs will be infrequent. Another fellow may have frequent repairs.

One fellow may give more wages and another less. Both high and low wages may give the labour of the same size. Or, they may be different.

Even if wages are the same at both the fellows, the same kind of wages may give more or less labours.

Owing to such causes as these, the working periods at different capitalists will be somewhat different.

The fellow who secures orders before hand and produces the commodities later will be able to sell his commodities quickly. The fellow who produces commodities without orders will sell late. Thus, their 'circulation periods' will be somewhat different. That is, on the whole, their 'turnover periods' will be somewhat different.

In the case of different branches, the influence of the differences in the turnovers will not be there on the rates. But, since the different capitalists in the same branch sell their commodities at the same price, the fellow who produces as well as sells his commodities in a short period of time, that is, whose turnover period is shorter, would incur less expenses

on his commodity. The fellow whose turnover period is more will incur more expenses than the fellow whose turnover period is less. Here, we have to take into our view the differences in the production conditions as well as circulation conditions in the same branch. (We have to consider many more differences that we have not discussed here. And all possible differences.).

Thus, there will be various kinds of differences between different capitals of the same branch in terms of productivity, scale of production, labour intensity, wages and turnovers. However, all those differences will balance each other to a large extent. Yet, there still remain some differences. That is, as the different capitals produce the same kind of commodities in different conditions, the cost prices of those commodities would invariably be different.

Cost price of each fellow is his individual cost price.

The average of individual cost prices is the average cost price of a given branch. The fellow who can produce with an expenditure less than the average would get more than the 'average profit'; or, if it happens to the contrary, profit less than average profit remains.

In the milk branch, let us say the 'production price' of 1 litre milk is 1 rupee and 50 paise. When we talk of 'production price', it includes (1)the average cost price of a given branch and (2) the general profit. In this example, the average cost price is, let us say, 1 rupee and the general profit is 50 paise. Here, let us suppose the production price stands as market price.

The market price at every capitalist will be Re.1.50 only. But, the cost price will not be the same Re.1 at every fellow. If it is more than 1 rupee at some fellows, it will be less than 1 rupee at other fellows. There will be less profit where cost price is more and there will be more profit where cost price is less.

Let us suppose that a capitalist was able to get a litre of milk produced with an expenditure less than the 'average cost price' (less than 1 rupee); that is for 95 paise only. This is his individual cost price. But even this fellow would sell 1 litre of milk for 1.50 only. Therefore, the profit that he gets on 1 litre would be 55 paise instead of 50 paise. If we see this

profit 55 paise on a cost price of 95 paise, it will be:

$$\frac{55}{95} \times 100 = 57\%.$$

This is the 'individual profit rate' of this capitalist. This is higher than the 'average profit rate' of that branch.

If another capitalist gets a litre produced at an expenditure greater than the 'average cost price' (greater than 1 rupee), that is, for 105 paise (this is his individual cost price), his profit from 1 litre will be 45 paise. If the cost price of 1 litre of the first fellow is 95 paise, this (second) fellow's cost price is 105. That is, 10 paise more. Hence, this fellow's profit has reduced by 10 paise when compared to the first fellow. The profit on the cost price of 105 paise of this fellow is 45. That is, if we see this as rate:

$$\frac{45}{105} \times 100 = 43\%.$$

This is less than the 'average profit rate' of a given branch. This is the 'specific profit rate' of this capitalist. While the average profit rate in this branch is 50%, the profit rate of one capitalist is 57% and another fellow's rate is 43%.

In this manner, the individual profit rates of capitalists differ from each other due to the difference in the individual cost prices. Therefore, the profit rates of different capitals within the same branch will be unequal.

The average rate of profit in a given branch itself constitutes the 'centre' of different profit rates of different capitals in that branch. The specific rates should not deviate too far from that centre. The competition among the capitals in a branch prevents excessive differences among the profit rates of the capitals. This is how it happens: The capitalists, who do not get high profits, try to catch hold of the same technique by which the capitalists who secure high profits organise production. The high profits that were until then confined only to certain capitalists will vanish. Then, the profit rates of all the capitalists will become almost the same. In the same manner, the profit rates of all the capitalists become equal. When we speak of 'the profit rates of all', we mean 'the profit rates of those who mainly compete'. Those who cannot compete will always

satisfy with somewhat smaller rates.

The process whereby different branches get equal profits and the process whereby different capitals get equal profits are mutually related.

The actual places that produce profit are production places found in all the branches. The changes that take place in those 'production places' keep pulling the distinction of profits towards 'equality'.

'Securing equal profits' by different capitals in a branch takes place because those capitalists who do not get more than the average profit also gradually follow the path of those who get profits more than the average (relative profits). Which means, the competition among different capitals in a given branch periodically raises the production of that branch.

'Securing equal profits' by capitals of different branches takes place by means of shifting and adjustment of capitals among the branches. Thus, the competition among the branches tries to keep **s** and **d** equal.

A big capitalist in a given branch, while competing within his branch, competes with other branches as well. Thus, the competition that goes on in a branch and the competition that goes on between it and other branches have mutual relations.

Now, let us see different capitalists within the same branch.

In the example of milk that we have seen earlier, the average cost price is 1 rupee and average cost price is 50 paise. But, the market price has increased, let us say, by 50 paise even without a change in the average cost price. It means that now the market price per litre is not 1.50, but Rs.2. The average cost price in this price is 1 rupee and average profit is 1 rupee. How will be the profits of the capitalists in that branch? The profit of every capitalist increases by 50 paise more than the profit received usually in the past. While the difference between the 'individual profit' of two capitalists was 10 paise in the past, it is the same even now.

Let us say that the market price has decreased by 20 paise even without a change in the 'average cost price'. Then, the profit of every capitalist will diminish by 20 paise compared to the past. However, the difference between the individual profits of the two capitalists, even now, is the same as before.

Whether the market price in a given branch is equal or higher or

lower than the production price, the difference between the profits of two capitalists would be the same as the difference between their cost prices. Since that new price applies to all capitalists alike irrespective of whether the commodity price rises or falls, the effect of these changes on the profits of all capitalists would be uniform. If prices rise, the profits of all the fellows rise at the same rate and fall at the same rate if price falls.

The difference between the individual cost price and the market price of the commodity of a capitalist is individual profit of that capitalist.

If we assume that a commodity in a given branch has a certain market price and a certain average profit rate, the specific profit rates of different capitalists in that branch depend on their individual cost prices. Whoever can reduce the cost price drastically would get a higher profit rate.

All the hardships that the capitalists face is only to reduce the cost price. Every fellow tries to reduce his cost price as compared to others. The very fact of 'selling' the commodity creates such a need. Every capitalist has to sell all his commodities. There will be many sellers of the same kind of commodity. Therefore, in order to sell his entire commodity in a guaranteed manner, he will be able to sell his commodity 'little cheaply' than the other, if necessary. To sell it cheaply, first he has to produce it cheaply. That is, the need called 'sale' compels capitalists daily to reduce their cost price.

If we consider a certain cost price as the 'average cost price' of a given commodity, capitalists try to reduce their own cost prices lower than that average. In those attempts, one or two fellows succeed initially. Only big capitalists (who operate with huge capital) initially achieve this success. We know many a time the whole story that continues after that. Attempts to reduce cost price initially begin at one or two fellows, the average productivity in that branch rises gradually after some time and the cost price diminishes at all fellows in the branch.

Let the capitalist follow any number of ways to reduce cost price, all those ways will be of only 2 kinds.

1) Raising capital and producing on a large scale. Due to this, each small portion (1 unit) of the total commodity will cost less.

2) Not making many arrangements connected with the working conditions. Due to this, many expenses need not be spent.

Every capitalist tries to reduce costs in the ways that are possible for him. But, results will not be identical at all fellows. In this aspect, only fellows with more 'efficiency', and 'knack' will get more results.

What will really happen when a capitalist reduces the cost by producing on a large scale? It is merely reduction of cost due to the rise of number of workers and cooperation.

Similarly, what is meant by reducing the cost by not making required arrangements in the 'work place'? It is merely reducing costs by not making arrangements concerning the comfort and safety of the labouring people. Not making working conditions comfortable amounts to a cut in the comfort and safety of the workers' lives. The capitalist is able to reduce costs as much as he can keep the working conditions of the labourers miserable. In whatever manner he may reduce the costs, whether by raising the scale of production or by not providing amenities and safety measures or by following both ways, it amounts to exploiting workers on a further larger scale. Wherever this happens on a large scale, the profit rate of that capitalist will be higher than others.

There is a strange and old incident that tells how base a capitalist is in counting each penny connected with the arrangements concerning working conditions.

As accidents were occurring frequently to the workers working at the machines, an Act, directing the capitalists to provide safety guards for the machines, came into existence in 1844 in England. But no capitalist heeded it. Accidents and deaths of workers in the factories were taking place as usual. Factory Inspectors observed 'patience' for about 10 years since the introduction of that Act and finally filed some cases against capitalists in 1854. All the capitalists formed an 'association' to argue those cases. The purpose of that association is to argue that capitalists are not to be blamed if workers die in accidents and thus to make 'efforts' to enable the capitalists win the cases. Since some money is needed in connection with the activities of the association and court-related expenses, every capitalist was expected to pay some money to the association in accordance with the power of his machines, say 2 shillings per horsepower. While all the capitalists were paying money to the association according

to the prescribed condition, one factory owner quickly calculated the total amount to be paid to the association as per the horsepower of his machines. Then, he immediately arranged safety guards to his machines. He had to spend 11 pounds if he fixed safety guards! That was the real reason for fixing safeguards! Thus, that fellow evaded a cost of 2 pounds! It means that the fellow called capitalist acts in a calculated manner at every paise. But, as other capitalists too would have to spend more to pay to the association instead of fixing safety guards, they leaned towards the association. It is because they are 'greater' than the first fellow. They have greater 'foresight' than the first fellow. They paid money to the association only in order not to spend anything in future for the safety of the workers. Knowing that all the capitalist were averse to fixing safety guards to the machines, a minister (an English minister) gave an invaluable suggestion in a clandestine manner in April 1855 to the capitalists thus: "Do it nominally, guys! The government will be satisfied." The spirit of his advice was this: "Do it fraudulently, the government will not be serious!" However, the owners of the machinery did not agree even to make superficial and nominal arrangements. They had deep confidence in the 'courts'.

The judges in those courts were none else than the factory owners themselves. All of them were big property owners as well as members of the association of the capitalists. Which means, capitalists themselves come to the courts, sit as judges and deliver judgements themselves on their own crimes! In addition to that, the factory engineers stood as expert witnesses on the side of the capitalist and stated that certain safety measures are not necessary in the case of certain machines.

Another Act came in 1856. It stated that certain machines need not have safety arrangements and the workers who lost their hands and legs due to the machines may go to courts and seek 'compensation'. A twist in that Act was that compensation need not be paid if it is proved that accident occurred due to the carelessness of the worker! It is the 'experts' who decide whether an accident is 'just' or 'unjust'!

It became impossible for the workers to overcome all these rules and win the cases. After this Act, the number of accidents increased unusually! During the period from May to October in the year 1858 (in a period of 6 months), the accidents rose by 21% compared to the previous 6 months. Factory Inspectors wrote in their Reports that 36% of the total

accidents occurred could have been averted by means of very minimum human measures and even such minimum arrangements were not available in the factories.

Though workers, who lost their limbs (hands and legs), lost their cases on many occasions, they were able to receive very small amounts of compensation at least on certain occasions. That is, they were able to receive some 'money' in return of the loss of their limbs. This appeared to be in 'unnecessary cost' for the capitalists. The cost of compensation was higher than the cost of safety measures. Since then, certain kinds of machines began to be made along with the safety guards.

Capitalists never did understand the fact that there should be no 'harm' from the machines to those who stand in front of the machines and do the labour. They were prepared to spend some thing on some 'safety' measures only in order to escape from the menace of 'compensations'. Those safety measures were merely the measures for the safety of the capitalists. They are the measures intended to reduce the money expenditure.

During 1860s, the safety measures in England mines were almost non-existent. Drainage and ventilation were horrible. Shafts were not in proper condition. Gearing was not good. Badly laid roads. Inefficient engineers. Accidents every day. 15 workers on an average used to die in a week. Between 1851 and 1862 (in 11 years), 8,466 workers died in accidents. "This is a very small figure", says a report. The number of Factory Inspectors was very small. The areas that they had to cover were very big/vast. There were no Reports at all on many factories. Some Inspectors who witnessed wrote Reports very honestly thus: "All these human sacrifices are taking place due to the 'base avarice' of the Masters of the coal mines". Those Reports lamented thus: "How to prevent this kind of sacrifice of children's lives? If workers are crowded in the work places, profits for the masters will increase. The lives of the workers will be ruined."

Since the working conditions were not comfortable not only in the mines but also in all kinds of industries, workers used to get various kinds of diseases within a very short period of their entry into the job. Owing to the specific conditions existing in the work places, diseases were widespread: eye diseases at some places; ear diseases at some places;

neurological diseases, intestinal diseases, lung diseases, kidney diseases, diseases in the entire body. No housing accommodation. No sanitary arrangements. According to one Report, the average life span of the then existing English workers was 17 years only.

In order that the 'social capital' procure workers in 'abundance', workers have to give birth to children very quickly. Hence, marriages for the workers in their childhood itself! The workers have to give birth to children in the young age itself and hand over the children to the capital and pass away. The working class offers this 'sacrifice' to the 'capital' constantly!

With regard to the safety of the workers, no change has taken place from that day to this day. There are no accident-free mines or industries even today with such arrangements as those that prevent the damage of the eyes of the workers due to dazzling light; that prevent the damage of the ears due to roaring sound; that prevent the damage of the lungs due to dust like that of cement Thus, even today, there is no semblance of measures that prevent harm to workers. In no work place do we find at least 'pure drinking water' facility. Thus, the capitalist: makes the conditions of the workers unbearable; reduces expenditure and thus earns profit at the cost of blood and muscles and the lives of the workers; and thinks that he is earning profit due to his 'intelligence'. He thinks that he is able to organise his industry 'efficiently' by 'saving' the costs very carefully; that he is able to earn high profits due to his 'efficiency' and that profit comes due to the ability and capacity of the organisers of the industry.

The nature of 'economy' observed to reduce the 'cost price' depends on the nature of 'mode of production'. Only further oppressing and exploiting workers carries out the entire activity of reducing cost price under capitalism.

The cost price of an article produced under the 'new system' will be much higher than that of an article produced under the capitalist system (in the capitalistic society). It is because costs connected with keeping working conditions comfortable and costs connected with safety measures will always be nil under capitalism. But, under the new system, many products will be spent on these needs. In this way, here, the cost of 'means of production' will rise much. Moreover, here, the products used both at

home and outside by the labouring people as 'necessaries of life' too will rise. Which means, the portion, which we call 'surplus value' under capitalism, will be spent here to make working conditions, domestic conditions and outside conditions comfortable. That is, here the entire labour of a person will be spent on the needs of that person only. The portion of surplus value that does not go to the labouring person under capitalism is spent only on the labouring person under the new system. Hence, here, the entire 'living labour' (the entire **v+s**) will be the part of the cost price. It means that, here, the total cost which is spent on a given production will produce the same amount of production again. Then, there will not be any difference between the cost price and the value. There are certain points concerning the 'commodity value' in the 'new society' in the chapter on 'working day' in volume 1 and in the chapter on 'Expansion of capital' in volume 2. We have to understand the present point in connection with those points).

It is desirable to reduce the costs of producing articles even in the 'new society'. It is because the length of time during which people have to do labour decreases. The labouring people should themselves understand this. The whole thing should happen in such a way that they themselves undertake the responsibility without anybody compelling them. It means that real economy and care should be observed in using the 'means of production'. They have to work with discipline. It should happen by such means only. It should not happen without reducing comforts and safety measures in working conditions.

Now, let us come again to the 'capitalistic cost price'. Since it is the 'profit' that remains after deducting the 'cost price' from the 'market price', the future of the capital that produces the commodity depends on the amount of profit (on the 'profit rate') that remains. That is, whether that capital should remain in the same branch or go to another branch (whether it should produce the same commodity or stop it and produce another commodity).

The capitals that get less profit than average in a given branch, either remain in the same branch, raise 'productivity' and try to get more profit or change into another branch.

Even capital that gets a rate of profit higher than the average in a given branch may also change into another branch if that branch has a higher rate.

Even the new capital that enters into the scene afresh, as far as possible, looks for a branch that has a higher rate of profit.

Thus, capitals constantly settle in various branches so that they retain their profit rate stable and increase it further.

What happens due to the shifting of capitals this side and that side among the branches is this: there arise two tendencies¾on the one hand, the tendency that the individual profit rates of different capitals in each branch become almost equal without wide gaps; on the other hand, the tendency that the profit rates of different branches too become almost equal without wide gaps.

However, when we say that capitals 'raise productive forces' or 'change branches', we should not think that these changes take place very smoothly. The capitalists experience lot of 'mental agony' during these changes.

The tragic phase of the capitalist

Fall in the market price and consequently fall in the profit rate throws the capitalist in 'great sorrow'. In the case of an individual capitalist, if his specific profit remains as 20% (let us say that this is higher than the average of that branch for certain period of time with out any decrease) his mind will be 'peaceful'. If it goes on increasing up to 21%, 22% or more, he will have to trouble himself to hide his excessive joy with smiles. But, when the fellow's profit rate goes on becoming 19%, 17%, or 16%, then we have to see his wrath and anger.

Workers will get charge sheets, punishments etc., very quickly. While all these things take place outside, his 'heart' becomes a restless sea with agitating tides. After all, the capitalist too is not a 'heartless' creature, isn't he?

The 'soul' of that fellow struggles in many ways with peacelessness in that 'danger'. Like a 'philosopher' who struggles thus: "what is the beginning and what is the end of this universe? What?", this fellow too struggles thus: "Why has the profit rate decreased? Why and why has it decreased? Why? Why?" He immediately calls his economist. In a bemoaned voice covered with artificial serenity says thus: "...Profit rate again fell!..."and hangs his head with despair and becomes silent. The economist takes care of the rest. Like a capitalist physician who undertakes

to save the patient lying in the midst of life and death, our capitalist economist immerses himself in search of ways that can raise the fallen profit rate.

In the meantime, our fellow, aggrieved by the unrest, drive his mind to the extent of thinking thus, "shall I leave this line of business?" Like every capitalist, our fellow too always keeps enquiring about other 'lines'. Whenever he meets people of other lines of industry in some party or meeting, he cannot restrain himself from asking the question thus, "How is your line?".

When one capitalist asks another fellow thus, "How is your line?", that another fellow 'splits' his face and says thus: "Are you asking about our line! Well, come on! Go ahead! You will yourself know about it! But, don't blame me later?". Thus the fellow sarcastically says and immediately becomes silent. If this fellow really does not get enough profit in his line, should he not cry aloud and narrate his difficulties to the other fellow, isn't it? When this fellow, instead of crying, 'splits' his face, the other fellow will grasp the actual fact. That is, his line is very good! Even this fellow knows all such pretensions, doesn't he? Each one of the fellows is thoroughly familiar with the other fellow's language. Hence, this fellow's capital will enter into the other fellow's line.

The essence of the matter is the same whether this kind of conversation takes place between two capitalists or not and whether both of them look at each other's face at all or not. Every fellow makes enquiry about the other lines and keeps an ear to the ground about the profits of these lines. Every fellow will have some different lines in his mind in order to dump his 'surplus value'.

Now, let us again see our fellow who is drowned in the ocean of restlessness. The car driver took him to the 'Brahma Gnana Baba' (=a saint who supposedly possesses the knowledge about the God of creation). This driver knows all the moods of his master. He performs not only the job of driving the car but also keeping an eye on the mental aberrations of his master. He gets some wage for the former job but no wage or allowance for this second job.

Our capitalist, when his sorrow is at low ebb, would go to 'modern' sages who speak foreign languages and conduct philosophical discourse.

However, when his sorrow is at its peak, he goes to ascetics who preach 'salvation' in a pure mother tongue.

Now, our fellow kneeled down in front of the 'semi-nude saint', touched the saint's legs with his eyes and sat there hanging his head down. Our fellow has recently started serving this ascetic. There are many more kinds of fellows, who joined the ascetic: big commercial capitalists, bankers, ministers, contractors, engineers, doctors, government officers, police officers etc. All these fellows require 'spiritual discourses'. Every fellow will have his own 'worldly sorrow', isn't it? The austere semi-nude saint, sitting on the silk-cushioned sofa, throwing his legs hither and thither, began to prattle with a rough voice, in front of that 'band of rich fellows'. He prattled many things beginning from 'the duties that human beings have to discharge in this world' to 'the way salvation glitters with the light of the thousand suns." The whole of our band listened to that prattling with utmost obedience and zealousness.

After hearing the whole thing, our capitalist finally asked with great 'thirst for knowledge' thus: "His Holiness! Why does profit rate keep reducing?" Our fellow lost his common sense as to whom he should ask, what he should ask and who could say what, and so on. But, he is so anxious that he believes that he may find some solution somewhere (like a snake in an anthill) and some good advice from some one (like pearls that fall from the mouth). It is such a 'dangerous time' indeed!

Responding to the question of the capitalist with a laugh, the semi-nude sage was pleased to say thus: "My dear son, is the worker bending his body to do work these days? All the working people are becoming idlers. Then, will the profits for the Master increase, instead of decreasing? But,don't worry! Everything will be alright!"

While one idler is consoling another idler in this way, the economist came there running along with his pupils. "We have calculated every thing. We have to immediately change the 'instruments of labour'. Production will become double. That is, it will increase by 100%. We should not raise wages. Even if we raise, we should not raise them more than 5%. Profit will rise 2 times. We have calculated every thing," said the economist overwhelmed by the enthusiasm, thinking about his 'fee'.

The capitalist looked impatiently. "Did we not change everything only recently? It is not even a year since we changed."

"Alas! It can't be a year. We have to change instruments within 9 months", said the elder economist.

"It would be very nice if we change in six months", said the kiddy economist! This guy has recently finished his management course and entered into the service of the capitalist afresh! A pupil greater than the teacher!

Don't you know that how much competition has grown in this line during the past year? Nearly two years ago, we alone were in the leading position in this line. The whole thing is now changing. All fellows run over here, where they see two paise more. They don't understand how much effort we are putting in and receiving this profit. Four more companies have already brought out the machinery that we have introduced. Well, then, under these circumstances..."thus the economist is trying to satisfy his own soul as well as the soul of the capitalist that he had performed 'labour' that was equivalent to the fee which he was going to receive.

The capitalist is still 'suspicious'. "Then, will the profit rise 2 times?"

"It will rise 3 times. But, all are average calculations. Only 2 times appear."

Again a smile over the face of the capitalist after many hours! A sigh!

Thus, profit rate itself is the motive force of the capitalist. Profit rate itself is the power of life and death! Every capitalist tries to retain his profit rate without any fall in it and always tries to raise it. These attempts alone keep the productive forces in that branch growing. These attempts alone change capitals among the branches.

The main cause for the emergence of wide gaps among profit rates of different capitals within a single branch, is the difference among the productive forces of those capitals.

The cause for the emergence of wide gaps among the profit rates of different branches is the differences among the conditions of supply and demand of different branches.

The competition, which takes place in order to equalise profit rates of different capitals in a given branch, keeps productivity increasing in that branch.

The competition that takes place in order to equalise the profit rates of different branches keeps changing the conditions of supply and demand of all the branches.

The process of equalisation of profit rates of individual capitals in a given branch and the process of equalisation of profit rates of different branches in the whole society are interwoven and occur constantly.

However, since competition consists of contradictory features, it itself causes the gradual divergence among the equal profit rates and the gradual equalisation of different profit rates as well. As competition constantly goes on among all the branches as well as all the capitals within a given branch, forces that equalise profits as well as forces that diverge profits from each other constantly operate.

On the one hand, conditions that reduce gaps among the profit rates and on the other hand, conditions that widen the gaps among the profit rates¾both kinds of conditions operate in their own way. We may see the result of a particular condition in a particular context if its influence is greater.

Those conditions do not remain as such. They keep changing again and again and keep pulling the profit rate either this side or that side.

11. The secondary profit of an individual capital

This profit comes only through 'frauds' while selling the commodity. Even after a market price is formed for a commodity, there may occur 'hundred thousand frauds' while selling it. False measurements, false weights, extracting higher price on certain specific occasions etc., are the forms in which those frauds are committed. The 'secondary profit' comes to the seller of a commodity only from the buyer. The seller may not give adequate quantity of commodity as per the money received from the buyer or may take more money than what is equivalent to the commodity. (Both are same in essence). Those secondary profits will be more for those fellows who can commit such frauds on a large scale. About 'secondary profit', we have seen some points in the chapter on 'profit' (in part 2 of volume 1). We have to understand this point by linking it with those points.

So far we have seen

The general rate of profit concerning all branches,

The different profit rates of different branches, and

The specific profit rates of different capitals within single branches.

12. Which profit rate does a capitalist add?

We have seen that each branch will have its 'specific profit rate', while some thing called 'general profit rate' exists. Here, we need to raise a question 'whether the capitalist adds "a general rate of profit" or adds the "specific rate of profit" of his branch, while fixing the production price of his commodity? What rate of profit does the capitalist expect?'

Let us say that in a given period of time, the average profit rate in a given branch is 35% while the general rate of profit is 50%. Will the capitalists of that branch add a general rate of profit of 50% or the average profit rate of 35% of their branch to the average cost price of their branch while fixing 'price' for their commodities?

We have seen in the beginning itself that the capitalist of each branch adds the general rate of profit to the cost price of his branch. However, as we have seen earlier, it does not happen on every occasion that general profit is added to the cost price. We have to make a modification in this respect. That is, the capitalist does not add general rate to the cost price of his branch. Each time, he adds the average rate of his own branch only. But, this average rate will be some times lower than the general rate. Therefore, if we add all those kinds of rates and take an average, that average will be equal (nearly equal) to the general rate. If we consider a long period of time, we may arrive at the conclusion that there exists general rate of profit each time in that branch during that period. Keeping in view this essence of the matter, we treated it as a general situation. That is, we assumed that each branch adds only the general rate to the cost price on each individual occasion. But, what we have to modify is this: It will not happen on any individual occasion that the general rate is added to the cost price. What happens on each individual occasion is that the average rate of a given branch is added to the cost price.

A capitalist in a given branch will only know the average rate of his branch but not the general rate.

We have seen that the capitalist fixes the 'production price' for his commodity first and when that commodity goes to the market, its production price may change either above or below depending upon the conditions of **s** and **d**, isn't it? In fact, essence is the same. But, many a time, the capitalist can directly fix the 'market price' for his commodity. It is because the same kind of commodity is daily sold in the market. The capitalist too would already be selling that commodity. Its market price will clearly appear to the capitalist.

Let us say that the market price of 1 meter of coarse cloth is 2. (It means that it will not sell at more than that price). The price existing in the market will appear to the capitalist who is producing that cloth. While the already produced cloth is being sold in the market, new cloth is being produced in the place of production. If the 'average cost price' of the new cloth does not change at all, the cloth capitalist too directly fixes the 'market price' of this new cloth in the beginning itself at the rate of Rs.2 per metre. However, when this new commodity enters the market, the situation of **s** and **d** may vary compared to the past. The capitalist will not know how the situation of **s** and **d** changes. If the situation of **s** and **d** does not remain as before, the past market price too changes. If it happens so, the average profit rate in that branch may change this way or that way.

Each commodity will have 'same value'. But, it does not appear. We know this fact. In an example, where 'production price' is first fixed for a commodity and when it changes into the market price, production price and market appear though 'value' does not appear.

But, when the capitalist directly fixes the market price, neither 'value' nor 'production price' appears. Market price alone appears. Even when it happens so, the fact that 'there exist factors called production price and value behind that market price' will not change.

Every capitalist in each branch will know the market price of his commodity. To make our example simple, let us suppose that average cost prices in all the branches have not changed for some period of time. Let us also suppose that all the capitalists are fixing the market prices directly and selling at those prices only. Even when it is so, it should be possible that equal capitals should be able to get equal profits from those 'market prices'.

How can we conclude that production price and value exist behind the 'market price' even when they do not appear on certain occasions? (1) If market price is equal to the value in every branch on every occasion, value of a given branch will go to that branch only. Then the question of 'equal profit' to all branches will not arise. (2) Let us say that the market price in a given branch, instead of being equal to the 'value', is sometimes above and sometime below. Thus, let us suppose that the sum total of market prices in a branch over a long period of time is equal to the sum total of 'values'. Even then, the question of 'equal profit to all branches' will not arise. Therefore, (3) 'Equal profits' are possible only when the total of market prices in a given branch are not equal to the total of the values in that branch. The total of market prices in some branches should be higher than the total of values in some branches and lower in some branches. Only due to that situation, some portion of the surplus value of some branches will go to other branches. It means that in every branch, it is imperative to assume the total of production prices between the total of values and the total of market prices. That is, we have to imagine 'production price' between 'value' and the 'market price'!

We have formulated 3 stages called 'value, production price and market price' in order to systematically dispel the confusion surrounding the capitalist price.

The capitalist may fix the market price some times directly depending upon the context. Or, sometimes if he fixes 'production prices', they may later deviate above or below and transform into market price. Of these possibilities, whatever may happen, that 'price' alone is not 'value'! 'Value' is a mass that is either bigger or smaller than the 'price'.

In whatever manner the capitalist may fix the 'price', the fact that 'value' exists behind the 'price' will not change.

'Transformation of values of all the branches into prices' takes place to enable 'capitals of equal magnitudes get equal profits'.

To the question 'what profit rate does the capitalist add...the general rate or the average rate of his branch', we have answered thus, 'the average rate of their respective branch.' However, we may understand this in another way.

Whatever be the 'rate' that he adds, it is all the same. If he adds 'general rate', that rate will remain unchanged for long period of time.

Or, if he adds the average of his own branch, that rate will sometimes be higher and sometimes lower than the general rate. The average of these higher and lower rates will be nearly equal to the general rate. Therefore, whatever rate one may add, the essence is the same.

Even if capitalists of all branches add the general rate,

Or, even if all fellows add the average rates of their respective branches,

Or, if some fellows add the general rate (for a longer period) and if some fellows add rates')¾essence of the entire matter is the same.

We will be able to understand every problem properly if we do not forget the principle, namely, 'whatever applies to one capitalist will apply to all capitalists generally'.

We have to combine the points of the earlier chapters to those of the subsequent chapters and make 'modifications' as and when needed. The essence of the matter will not change at all due to such modifications.

We have stated earlier that the method of fixing the 'price' by adding 'profit rate' to the 'cost price' is specific exclusively to capitalism. This point does not change even today.

Whether the added rate is 'general rate', or the average rate of a given branch and whether the fixed price is 'production price' or directly a 'market price' whatever be all those aspects, what happens there is 'adding a profit rate to the cost price' and fixing the price. This method did not exist in the past societies. This is a method that started only in the capitalist system.

We have also stated earlier that the capitalist of any given branch cannot add any amount of 'rate' as he pleases while fixing the price. This point applies to any rate that the capitalist adds. No capitalist can add any rate as he pleases without confining to the limit concerning the 'average rate'. If one fellow has an opportunity to add as he pleases, then all the fellows in that branch will have that opportunity. It means that no one will have that opportunity since all the capitalists in that branch distribute their share from the 'mass of social surplus value' for their capital in accordance with **s** and **d** of that branch. As there are so many restrictions, every fellow cannot take as much profit as he pleases. Therefore, the fact

that there is a limit to the profit rate that a fellow can add applies to any context.

13. One branch and one society

Let us say there are 10 individual capitalists in a given branch. We have seen earlier that all fellows sell their commodities at the same market price. In fact, all fellows cannot sell exactly at the same market price. There will inevitably be some minor differences. However, we need not take such minor differences into account. Therefore, we may say that 'all fellows sell at the same price'.

If we consider such minor differences as well, the sum total of different market prices constitutes the 'market price' of the entire commodity of that branch. That market price may be equal to the 'production price'. But, that will not be the 'value' of the commodity.

If we combine the market prices of all the branches, that sum will be the 'market price' of the 'social mass of commodities'. Moreover, this itself is the production price of the mass. Further, it itself is 'value'

When we consider the entire mass of commodities, the total of market prices, the total of production prices and the total of values¾all are one and the same.

After deducting the total of cost prices of all the branches from the total of 'value', what remains is the surplus value produced in all the branches. That itself is 'social surplus value'.

14. Exchanges of capitalist commodities

In the capitalist system where 'prices' deviate from 'values', exchanges of commodities take place on the basis of 'equality of prices' instead of 'equality of values'. Equality of prices means equality of market prices.

The value of a commodity in the example of 2 commodities that we have seen earlier is 110. The value of the second commodity is 190. Let us assume as if these values have first transformed into production prices. The production price of one commodity is 150. The production price of the second commodity is also 150. Let us say that **s** and **d** in these 2 branches are equal and production prices themselves stand as market

prices. Then the market price of one commodity is 150. The market price of another commodity will also be 150. Since the market prices of the 2 commodities are equal, an exchange may take place between these 2 commodities. Of these 2 commodities one is a plus commodity, another is a minus commodity. Plus commodity means a commodity whose price is higher than its value. Minus commodity means, a commodity whose price is lower than its value. Though the value of the plus commodity is 110, 150 money will come when it is sold since its price is 150. Let us say that the capitalist of the first commodity sells his commodity at 150 and with that money buys the second commodity whose price is 150. This means that an exchange has taken place between one commodity whose market price is 150 and another commodity whose market price is also 150. But, in fact, here an exchange has taken place between a commodity of 110 value and commodity of 190 value. Which means, an exchange has taken place between a commodity with high value and a commodity with a low value. This is an exchange of unequal values only. But, on the 'capitalistic foundation', the reference is only to the 'prices', not 'values'. Whatever be the actual values of the 2 commodities here, it is an 'equal exchange' if their market prices are equal. When deviation of prices from the values is inevitable and if exchanges have to take place between such commodities, those exchanges have to take place on the basis of equality of prices but not on the basis of equality of values.

Let us say that in this example of 2 commodities, market prices are deviant from the production prices. Let us say the market price of a commodity is 140. The market of another commodity is 160.

Now, if an exchange between these commodities has to take place and when the commodity with a market price of 140 is given, only a portion of 140 comes from the commodity whose market value is 160. The remaining portion of 20 does not return. That is, an exchange takes place between a market price of 140 and a market price of 140. Thus, on the basis of equality of prices.

We have been stating right from the beginning that 'a person pays the entire value when he or she buys a commodity'. Now under capitalism, we have to make a modification, namely, 'a person pays the entire price when he or she buys a commodity'. When each commodity is bought by paying the entire market price, the total of those prices will be equal to

the total of those values. Then it means that 'entire value' is paid to the total mass of commodities.

If we consider the 2 commodities in our example together and if we pay their market prices as they are whether they are 150+150 or 140+160, the total of surplus value of those 2 commodities will be in the total of their prices only.

If the buyer of an individual commodity (whether that buyer is a worker or a capitalist) buys it by paying its entire price, that price contains the surplus value that the capitalist who sells that commodity gets.

Concerning the observation that 'value itself does not stand as price', we have to make 1 or 2 points clear.

The value of a commodity is 10. But, the price is 9. That is, the person who buys that commodity pays 9 only. But, the capitalist who sold that commodity has to reproduce it again, isn't it? For that, he requires '10 value', doesn't he? Then, how will it be possible to produce that commodity again if he gets only 9 when he sells it?

If we are unable to give a correct answer to this question, it means that we have not properly understood what we have read; or we read it on the one hand and forgot it on the other.

Look at the answer:

The value of that commodity is 10. Let us say it is 2c+4v+4s. That is, cost price is 6 and surplus value is 4.

If the capitalist gets only 9 instead of 10 when he sold that commodity¾what does it mean? Which portion has decreased? It means that the decrease is in the 'surplus value'; but not in the cost price.

The 9 that the capitalist got after selling the commodity consisted of 2c+4v+3s. The capitalist takes only 3s instead of 4s. He would again produce the commodity with the 6 cost price that he got back.

'10 value' is again required to produce that commodity. (10 value does not mean 10 cost price). It cannot be less than that. Workers will again give 4s as before. 4s adds to 6 cost price, commodity is produced again and its value will become 10. Even if he sells it at 9 price as in the past, there will not be any obstacle to its reproduction.

4s adds to 2c+4v and that commodity keeps reproducing any number of times.

If workers keep giving 4s every time, 3s of it will go to the capitalist and 1s goes to the other branches.

Thus, even if the price of a commodity falls lower than the 'value' there will not be any obstacle to its reproduction.

Another doubt:

The value of a commodity is 10. Its price is 9. The person who buys this commodity gives 9 and takes the commodity of 10 value. It means that the buyer gets 1 profit through the commodity, doesn't he? Will the buyers of the commodities thus get profits through the commodities?

Answer:

True that it appears as if the buyer got 1 profit. But all the commodities will not be the same as in this example. While some commodities stand as plus commodities, some commodities stand as minus commodities.

When 2 such kinds of commodities exist in the society, every person will have the need for those 2 kinds of commodities. No person (whether capitalists or workers) will always buy only plus commodities and always buy only minus commodities. They have to buy both the kinds of commodities. While they pay a price higher than the 'value' to some commodities, for the other they pay a lower price. Thus, on the whole, the total of prices paid and the total of values received will be equal. Which means, the buyer will neither gain nor lose by buying the commodities.

A person may buy only one plus commodity on one occasion. If we consider only that single context, it amounts to the fact that he incurred loss by paying for that commodity a price higher than the value.

Similarly, if we simply see an occasion where a person buys a minus commodity, it amount to the fact that he gained by paying a price lower than the value.

In one context, we may consider all such commodities, which are plus commodities.

Or in one context, we may consider plus commodities in large number and minus commodities in smaller number. Or, we may consider plus commodities in smaller number and minus commodities in larger number.

Therefore, instead of considering either any one single commodity or any one individual context, we have to consider all the commodities purchased in a year as a whole. Though either gain or loss appears in an isolated context, all those gains and losses will disappear if we consider various kinds of commodities together. That is, they balance each other. That is, gains and loses are not incurred due to purchase of commodities.

Regarding capitalism:

We have seen that every capitalist stands both as purchaser and seller.

If we first see the question of 'selling', some capitalists sell 'plus' commodities while some capitalists sell minus commodities.

Whoever sells whatever commodity, the consequence for all will be the same. This happens so only for the sake of equal profit rate. Therefore, the situation of all the capitalists with regard to the 'sale' of their commodities is the same.

Coming to the question of 'buying', every capitalist buys commodities both for 'productive consumption' as well as 'personal consumption'. He buys them not from a single branch but from different branches. That is, he would buy some plus commodities and some minus commodities.

Let us say that a capitalist requires 10 types of commodities as 'means of production'. All of them will not be only plus commodities. Both types will be there.

It means that, even if commodity exchanges take place on the basis of equality of prices, instead of equality of values, capitalist will get neither a specific gain nor a specific loss. This situation applies not only to a single capitalist but also every capitalist uniformly. Therefore, it will not be a special problem of any particular capitalist.

We find the same thing in the case of commodities, which the capitalist buys, for 'personal consumption' just as in the case of 'productive

consumption'. He may buy commodities for any use, they include both plus commodities as well as minus commodities.

If we consider the case of workers, the commodities that they buy include some plus commodities and some minus commodities. For some commodities they pay prices higher than the values, while they pay prices lower than the values for some other commodities. Therefore, if we combine all those commodities the total of prices paid for them may be equal to the total of their values.

Or, let us suppose that workers always use only minus commodities to a large extent and the total of values received in return to the total of prices paid will be somewhat higher than the total of prices. Even due to this supposition, our formulation will not go wrong. If we take into account the commercial frauds that the capitalist class commits while selling the commodities to the working class, that higher value, which appears to have come to the working class, would amount to have gone to the capitalist class.

Or, let us say that the working class receives more value than the prices that it paid. That 'more' value belongs to none else. It is part of the 'labour' of that class only. Even after receiving 'more', it will be losing much more surplus value. Therefore, even if the working class takes some more value than the total of prices that it paid, it is not a problem.

Or, if we assume that the working class receives less value than the total of the prices that it paid, then it means that it is losing too much of surplus value.

How should we generally understand the question: 'what will be the effect on the working class, of buying commodities whose value does not stand as price,?' We have to understand this as follows: working class too takes some plus commodities and some minus commodities. Hence, it takes only that much value that is equal to the total of prices that it paid not more than that.

15. 'Price' without 'value'

In exploitative societies, 'value' loses its 'qualitative' character in some contexts. What is the 'quantity' that the 'value' has? Labour. Value (price) should exist wherever there is labour. But, 'land', which is not produced by labour, has a 'price'! The 'human being' (the slave), who is

not produced by labour, has a 'price'! This kind of 'unnaturalness' that is contrary to the law of value is possible due to 'faulty production relations' existing in the society. That is due to exploitative nature of the society. Existence of 'price' without 'value' (without labour) occurs due to faulty social relations.

If 'price' has to form without 'value' (without labour), on what basis will it form? Merely on the basis of supply and demand. If we consider the 'raw' land where labour is not yet performed, its price depends on its supply and demand. Here, there is no connection with the measure of labour. That price is formed due to external factors without connection with labour.

This feature is present in too many contexts in the capitalist society. The prices of 'models' in the advertisements, prices of prostitutes, to some extent prices of film actors all such prices are formed merely on the basis of supply and demand without any connection with the 'value' (labour).

Another strange thing here is that 'souls' and 'reputation and fame' too will have prices here. In the capitalist society, one person can file a suit in the court against another person alleging that the other person caused damage to his 'reputation and fame' and can earn 'compensation' in the form of money. Similarly, he can earn 'compensation' with an allegation that the other person has caused 'mental agony'. This means that 'reputation and fame' and 'soul' too have 'prices'. This also means existence of 'price' where 'labour' does not exist. In this manner, value, in exploitative societies, loses its 'qualitative' character.

16. Does 'law of value' operate under capitalism?

Since prices deviate from values under capitalism, does it mean that there is no connection between the price and the value? No. However deviant, the 'price' may be from the 'value', those 2 things have a necessary connection. The following points, which we have so far seen, explain the nature of that relationship.

1) The value of a commodity is 10. Price is 9. There is a difference between the two. If value rises by 5%, price too rises 5%. Even then, the difference between the value and the price will remain the same. Similarly,

if value falls, price falls. A change in the price based on the change in the value implies that there is a connection between value and the price.

2) Though market price is dependent on supply and demand, that price first of all depends on 'value' only. The price of a commodity is 9. Let us say that the price is formed under the influence of supply and demand. But, while supply and demand remain constant, if the value of that commodity changes, the price too changes. Which means, price depends on value.

3) If profit rates of some individual capitals in a given branch are higher than the 'average', the profit rates of the remaining capitals will be lower than the average. That is, 'profit' will not be as much as one wants. All the capitals have to share the available profit only. While it goes to one place in a large quantity, it goes to another place in a small quantity. Though 'profit' comes through the 'price', the reason for the limitations in which that profit and price exist is that 'value' stands behind them. Thus, there are mutual relationships among value, price and profit.

4) While the profit rates of some branches are higher than the 'general rate of profit', the profit rates of the remaining branches are lower than the profit rates. We have seen the reason for this in 3rd point above. Here also, mutual relations among the value, price and profit appear.

5) In a given branch, the total of market prices during a certain longer period is equal to the total of 'production prices'. Not with the 'total of value'. But, if we see all the branches together during that period, the total of market prices itself is the total of production prices. Same is the total of values.

6) However shorter period we may take, let it be a single day, the total of market prices during that period is the total of values provided we consider all the branches together. Which means, this is the connection between the price and the value.

All these things prove that 'value' stands behind 'price', that value itself regulates the price formation and that there is a necessary connection between the price and the value.

But, we have seen that the foundation called 'value' does not figure in the understanding of the capitalist economist. However, it is not possible

to say that it is altogether absent because these economists talk about law of value. That is, they speak of value without a correct understanding of it. (By correct understanding we mean the following: value is formed by 2 elements, namely, means of production and living labour. That living labour splits into 2 parts, namely, value of labour power and surplus value. That surplus value goes away to the non-labouring class under various names: interest, profit, land rent etc.,...Knowledge of all these aspects constitutes correct understanding of 'value'). The economist who has no perspective to grasp properly the 'value' cannot grasp the connection between value and the market price. He will be in total confusion in every aspect.

Amidst that confusion too, there will be some economic laws in their view.

Value itself should stand as price this is one law.

Capitals of equal magnitudes should get equal profits this is another law.

Market price is formed due to supply and demand this is yet another law.

Though they do not properly understand any of these laws, the economists talk all these laws. But, they cannot understand as to how these laws operate in the actual fact under capitalist system.

If value itself stands as price (that is if the value of a given branch goes to that branch alone), it is not possible for all the branches to get equal rate of profit. Or, if all the branches get equal rate invariably due to the 'competition of capitals', it is not possible for value to stand as price. Even the capitalist economists can understand this contradiction at least vaguely.

'Economic laws' are not 'laws of nature'. They are 'social laws' only. There will not be an unfluctuating precision in any social law as is found in the laws of nature. Yet, there will be a 'general tendency' for 'social law' as well. If there is no 'general tendency', it is not possible at all to charecterise it as a 'law'.

The law of value (the law that says that value itself should stand as price) is a social law only.

However, any social law has to transform in accordance with the nature of society.

The very first condition that has to be fulfilled under capitalism is the condition of 'equal rate of profit'. Here, the law of value has to change according to this condition. It, in fact, does change. We have stated many a time so far as how it changes.

Since value itself stands as price in the case of mass of total commodities, the law of value operates in this context.

The law of value does not operate as it is only in the case of individual branches and it undergoes some change. Yet, even then, that is even when value changes into production price, that production price will not be unconnected with 'value'. Value rises, production price too rises and if value falls production price too falls. It means that the magnitude of production price depends on 'value' only and it forms according to value only. And, it does not exist as if it is not at all connected with value. Hence, even when value transforms into production price, it means that 'law of value' is operating; but, in a 'modified form'. This modification occurs because it is essential for capitalism.

Law of value and law of equal rate of profit are mutually contradictory. We should not arrive at the conclusion that under capitalism, only the law of equal rate of profit operates and not the law of value.

The contradiction that the law of value contradicts the law of equal rate of profit and one does not operate while the other operates was already familiar during Ricardo's time. However, they did not know how both the things are possible and how to understand this problem.

What is value? What is price? Why does price deviate from value? The capitalist economists hardly know anything (in a correct manner) regarding these things. They discuss all issues. But, they leave out every issue without finding correct answers. It is because it is impossible for them. It is impossible because they have to first grasp 'surplus value' in order to find correct answers. They have to admit the fact that one class is not doing any labour and exclusively living on exploitation. They have to declare that the sources of income of the non-labouring classes, namely, interest, land rent, profit etc., are exploitative sources only. Since all this is not possible for the capitalist economist, he conducts superficial and

half-baked discussions on all the questions raised in economic science and abandon them as if his superficial discussions themselves constitute an 'answer'.

So far, we have seen many aspects concerning the capitalist price. Only if we understand this issue of price correctly, will we be able to understand how to formulate the price in the new society. Now, we will see some quotations from Marx concerning those issues which we have so far examined in this chapter, namely, the general rate of profit, supply and demand, existence of economic laws as approximate tendencies, existence of price without value and so on. Except the last quotation, all are taken from the 3rd volume of Marx's 'Capital'. The last quotation is from the 1st volume.

Some quotations from Marx:

1) "The different organic composition of various capitals is thus independent of their absolute magnitude. It is always but a question of how much of every 100 is variable and how much constant capital...Capitals of different magnitude, calculated in percentages, or, what amounts to the same in this case, capitals of the same magnitude operating for the same working-time and with the same degree of exploitation may produce very much different amounts of profit, because of surplus-value, for the reason that a difference in the organic composition of capital in different spheres of production implies a difference in their variable part, thus a difference in the quantities of living labour set in motion by them, and appropriated by them. And this surplus-labour is the substance of surplus-value, and the sole source of surplus-value is living labour." (p.148)

2) "Let us first assume that all commodities in the different branches of production are sold at their real values. What would then be the outcome? very different rates of profit would then reign in the various spheres of production. It is *prima facie* two entirely different matters whether commodities are sold at their values (i.e., exchanged in proportion to the value contained in them at prices corresponding to their value), or whether they are sold at such prices that their sale yields equal profits for equal masses of the capitals advanced for their respective production. The fact that

capitals employing unequal amounts of living labour produce unequal amounts of surplus-value, presupposes at least to a certain extent that the degree of exploitation or the rate of surplus-value are the same, or that any existing differences in them are equalised by real or imaginary (conventional) grounds of compensation. This would assume competition among labourers and equalisation through their continual migration from one sphere of production to another. Such a general rate of surplus-value viewed as a tendency, like all other economic laws has been assumed by us for the sake of theoretical simplification. But in reality it is an actual premise of the capitalist mode of production, although it is more or less obstructed by practical frictions causing more or less considerable local differences...But in theory it is assumed that the laws of capitalist production operate in their pure form. In reality there exists only approximation; but, this approximation is the greater, the more developed the capitalist mode of production and the less it is adulterated and amalgamated with survivals of former economic conditions."(p.175)

3) "...if the commodities are sold at their value, then, ...very different rates of profit arise in the various spheres of production, depending on the different organic composition of the masses of capital invested in them. But capital withdraws from a sphere with a low rate of profit and invades others, which yield a higher profit. Through this incessant outflow and influx, or, briefly, through its distribution among the various spheres, which depends on how the rate of profit falls here and rises there, it creates such a ratio of supply to demand that the average profit in the various spheres of production becomes the same, and values are, therefore, converted into prices of production."(p.195)

4) "Average profit is the basic conception, the conception that capitals of equal magnitude must yield equal profits in equal time spans. This, again, is based on the conception that the capital in each sphere of production must share *pro rata* to its magnitude in the total surplus-value squeezed out of the labourers by the total social capital; or, that every individual capital should be regarded merely as a part of the total social capital, and every capitalist actually as a shareholder in the total social enterprise, each sharing

in the total profit *pro rata* to the magnitude of his share of capital." (p.209)

5) "...although in selling their commodities the capitals of the various spheres of production recover the value of the capital consumed in their production, they do not secure the surplus value, and consequently the profit, created in their own sphere by the production of these commodities. What they secure is only as much surplus-value, and hence profit, as falls, when uniformly distributed, to the share of every aliquot part of the total social capital from the total social surplus-value, or profit, produced in a given time by the social capital in all spheres of production. Every 100 of an invested capital, whatever its composition, draws as much profit in a year, or any other period of time, as falls to the same period. So far as profits are concerned, the various capitalists are just so many stockholders in a stock company in which the shares of profit are uniformly divided per 100, so that profits differ in the case of the individual capitalists only is aggregate enterprise, i.e., according to his investment in social production as a whole, according to the number of his shares. Therefore, the portion of the price of commodities which replaces the elements of capital consumed in the production of these commodities, the portion, therefore, which will have to be used to buy back these consumed capital-values, i.e., their cost-price, depends entirely on the outlay of capital within the respective spheres of production. But the other element of the price of commodities, the profit added to this cost-price, does not depend on the amount of profit produced in a given sphere of production by a given capital in a given period of time. It depends on the mass of profit which falls as an average for any given period to each individual capital as an aliquot part of the total social capital invested in social production." (p.159)

6) "The exchange, or sale, of commodities at their value is the rational state of affairs, i.e., the natural law of their equilibrium. It is this law that explains the deviations, and not vice versa, the deviations that explain the law." (p.188)

7) "As for the variable capital, the average daily wage is indeed always equal to the value produced in the number of hours the labourer must work to produce the necessities of life. But this number

of hours is in its turn obscured by the deviation of the prices of production of the necessities of life from their values. However, this always resolves itself to one commodity receiving too little of the surplus-value while another receives too much, so that the deviations from the value which are embodied in the prices of production compensate one another. Under capitalist production, the general law acts as the prevailing tendency only in a very complicated and approximate manner, as a never ascertainable average of ceaseless fluctuations." (p.161)

8) "The foregoing statements have at any rate modified the original assumption concerning the determination of the cost-price of commodities. We had originally assumed that the cost-price of a commodity equaled the *value* of the commodities consumed in its production...Since the price of production may differ from the value of a commodity, it follows that the cost-price of a commodity containing this price of production of another commodity may also stand above or below that portion of its total value derived from the value of the means of production consumed by it. It is necessary to remember this modified significance of the cost-price, and to bear in mind that there is always the possibility of an error if the cost-price of a commodity in any particular sphere is identified with the value of the means of production consumed by it. Our present analysis does not necessitate a closer examination of this point. It remains true, nevertheless, that the cost-price of a commodity is always smaller than its value...The cost-price of a particular commodity is a definite condition which is given, and independent of the production of our capitalist, while the result of his production is a commodity containing surplus-value, therefore an excess of value over and above its cost-price. For all other purposes, the statement that the cost-price is smaller than the value of a commodity has now changed practically into the statement that the cost-price is smaller than the price of production...And while it is modified in the individual spheres of production, the fundamental fact always remains that in the case of the total social capital the cost-price of the commodities produced by it is smaller than their value, or, in the case of the total mass of social commodities, smaller than their price of production, which is identical with their value." (pp.164-5)

9) "The exchange of commodities at their values, or approximately at their values, thus requires a much lower stage than their exchange at their prices of production, which requires a definite level of capitalist development. Whatever the manner in which the prices of various commodities are first mutually fixed or regulated, their movements are always governed by the law of value. If the labour-time required for their production happens to shrink, prices fall; if it increases, prices rise, provided other conditions remain the same."(p.177)

10) "...the sum of the prices of production of all commodities produced in society the totality of all branches of production¾is equal to the sum of their values." (pp.159-60)

11) "What has been said here of market-value applies to the price of production as soon as it takes place of market-value. The price of production is regulated in each sphere, and likewise regulated by special circumstances. And this price of production is, in its turn, the centre around which the daily market-prices fluctuate and tend to equalise one another within definite periods." (p.179)

12) "If supply and demand coincide, the market-price of commodities corresponds to their price of production, i.e., their price then appears to be regulated by the immanent laws of capitalist production, independently of competition, since the fluctuations of supply and demand explain nothing but deviations of market-prices from prices of production. These deviations mutually balance one another, so that in the course of certain longer periods the average market-prices equal the prices of production. As soon as supply and demand coincide, these forces cease to operate, i.e., compensate one another, and the general law determining the prices then also comes to apply to individual cases." (p.355)

13) "What competition, first in a single sphere, achieves is a single market-value and market-price derived from the various individual values of commodities. And it is competition of capitals in different spheres, which first brings out the price of production equalising the rates of profit in the different spheres. The latter process requires a higher development of capitalist production than the previous one." (p. 180)

14) "It is then only an accident if the surplus-value, and thus the profit, actually produced in any particular sphere of production, coincides with the profit contained in the selling price of a commodity. As a rule, surplus-value produced in a particular sphere of production is then more important for the aggregate average profit of social capital, and thus for the capitalist class in general, than for the individual capitalist in any specific branch of production. It is of importance to the latter only in so far as the quantity of surplus-value produced in his branch helps to regulate the average profit. But this is a process which occurs behind his back, one he does not see, nor understand, and which indeed does not interest. The actual difference of magnitude between profit and surplus-value not merely between the rate of profit and the rate of surplus-value in the various spheres of production now completely conceals the true nature and origin of profit not only from the capitalist, who has a special interest in deceiving himself on this score, but also from the labourer. The transformation of values into prices of production serves to obscure the basis for determining value itself. Finally, since the mere transformation of surplus-value into profit distinguishes the portion of the value of a commodity forming the profit from the portion forming its cost-price, it is natural that the conception of value should elude the capitalist at this juncture, for he does not see the total labour put into the commodity, but only that portion of the total labour for which he has paid in the shape of means of production, be they living or not, so that his profit appears to him as something outside the immanent value of the commodity. Now this idea is fully confirmed, fortified, and ossified in that, from the standpoint of his particular sphere of production, the profit added to the cost-price is not actually determined by the limits of the formation of value within his own sphere, but through completely outside influences." (pp.167-8)

15) "The price of production includes the average profit. We call it price of production. It is really what Adam smith calls *natural price,* Ricardo calls *price of production,* or *cost of production,* and the Physiocrats call *prix necessaire,* because in the long run it is a prerequisite of supply, of the reproduction of commodities in every individual sphere. But none of them has revealed the difference between price of production and value. We can well understand

why the same economists who oppose determining the value of commodities by labour-time, i.e., by the quantity of labour contained in them, why they always speak of prices of production as centres around which market-prices fluctuate. They can afford to do it because the price of production is an utterly external and *prima facie* meaningless form of the value of commodities, a form as it appears in competition, therefore in the mind of the vulgar capitalist, and consequently in that of the vulgar economist." (p.198)

16) "The price-form, however, is not only compatible with the possibility of a quantitative incongruity between magnitude of value and price, i.e., between the former and its expression in money, but it may also conceal a quantitative inconsistency, so much so, that, although money is nothing but the value-form of commodities, price ceases altogether to express value. Objects that in themselves are no commodities, such as conscience, honour, &c., are capable of being offered for sale by their holders, and of thus acquiring, through their price, the form of commodities. Hence an object may have a price without having value. The price in that case is imaginary, like certain quantities in mathematics. On the other hand, the imaginary price-form may sometimes conceal either a direct or indirect real value-relation; for instance, the price of uncultivated land, which is without value, because no human labour has been incorporated in it." (pp.104-5)

So far, we have seen Marx's words.

17. Supply and demand in the case of 'wages'

'Labour power' is also a 'commodity'. 'Wage' is also a 'price'. Hence, while discussing the commodity prices, we have to also examine the changes in the 'price' of 'labour power'.

If we keep a specific labour power in view, changes in its price (in the 'wage' given to it) depend on the supply and demand of the workers who can do that labour.

Supply of workers means, the number of workers who are ready to perform a given labour.

Demand for workers means the number of requirements of the total capital in the branch that requires a given labour.

While supply is from the side of workers, demand will be from the side of capitalists.

If supply is more than the demand, the 'wage' will fall below the 'value of labour power'. If demand is more than the supply, wage will rise above the 'value of the labour power'. The value of labour power itself stands as a centre for the rise and fall in wages.

If supply and demand coincide, wage will be equal to the value of labour power.

We see any aspect as an 'average'. Similarly, when we speak of the value of labour power, it is the average value of labour power.

If value of labour power itself rises, wage will also rise accordingly.

That is, wage may change even without a change in the value of labour power; or, wage too may change due to a change in the value of labour power.

We have to look at the supply and demand of the workers in 2 ways. (1) From the general angle. (2) From the specific angle.

'General' angle means the supply and demand of workers relating to the whole society.

'Specific' angle means: the supply and demand of workers relating to an individual branch.

If we consider the 'entire society', it is not possible to say that people performing labour are excess or scarce. It is because, we have to distribute the work in accordance with human beings, but not reduce the people according to the work. But, this 'natural law' never operates in any exploitative system. Under capitalism, this aspect arises as a problem of 'supply and demand' of workers.

In chapters on 'Large-scale Industry' and 'Expansion of capital'in part 1 of this volume, we have seen that capitalism cannot provide jobs to the entire labouring class. In this system, the demand for workers that arises through the 'social capital' operating in all the branches taken together will always be less than the total supply of workers in the society.

It is true that the 'social capital' keeps growing every year and hence its demand too keeps growing. But, we should also take into our view the

growth in the working population that is available every year to do labour. Moreover, we have to take into view the productive forces that constantly grow due to the competition among capitals. As the productive forces in the branches grow, a situation arises whereby it becomes impossible to retain jobs for the working population. If we view things like this, the demand for the 'social capital' will always be less than the supply of workers, however much the social capital may grow. Increase in demand simply means a little rise than the earlier level, but it would never equal or exceed the 'social supply'. The proof to say that it does not happen like that is the 'unemployed' population. If the 'social demand' for workers is either more or equal than the social supply, there will not be a single unemployed person in the society. Which means, the social demand for workers will always be less than the social supply of workers.

Since, demand for workers will never exceed the supply of workers without the existence of unemployed population in the society, the change, namely, 'rise of wages due to demand' will never apply to the entire society.

Changes in wages in accordance with the changes in supply and demand take place only in case of individual branches.

If we take a specific branch, workers with specific kind of labour power needed to work in that branch sometimes may be less or more in number than the demand in that branch. Here, if supply is more, wages will fall below the value of labour power and if supply is less, wages will rise above the value of labour power. If, in a given branch, 4 kinds of different labour powers are required, changes in wages take place only in the case of such labour power whose supply and demand do not coincide. In the same branch, while **s** rises and wages fall in the case of one labour power; **s** falls and wages may rise in the case of another labour power. In the case of labour powers where **s** and **d** coincide, wages may remain as usual. Though the conditions of different labour powers concerning the same branch are different, let us combine all the different kinds of labour power needed in a given branch as a single labour power to make our example simple. Similarly, let us combine all the wages of those labour powers and treat them as a single wage.

Just as there is no 'proper' collective plan in any aspect under capitalism, there will not be a proper plan in the case of utilising the

social labour power in various branches of production. It means that there will not be a proper plan in such matters as: how many commodities should be produced? How much labour power is necessary for each branch? Hence, the divergence between the **s** and **d** of the workers among different branches and deviation of wage from the average value of labour power in those branches.

We have seen earlier that while there is a 'general rate of profit' in the society as a whole, different branches receive profit rates that are either more or less than the 'general rate' and the branches with higher profit rates attract more capitals during those periods. Owing to this, demand for the workers in those branches increases. That condition raises wages in those branches. Wage-rise attracts large working population into that branch. At the same time, since the branches with profit rates less than the 'general profit rate' lose capitals, the demand for workers there decreases, wages fall and some portion of the working population emigrate from those branches. Or, these branches do not attract new working population. On the whole, rise and fall in the supply of workers among the branches mainly depends on the rise and fall in the demand created by the capitals in various branches. The changes in the **s** and **d** of products and workers in various branches take place due to chaotic distribution of capitals.

While there are unemployed workers in a branch due to fall in the demand for workers, a situation may arise in another branch whereby demand for workers rises and workers are inadequate.

However, the process of distributing all the workers and entire work also takes place even under capitalist system. But, it takes place in accordance with the character of that system; that is, exclusively with an exchange-value perspective. This is how it happens: workers in large number begin to enter into those branches (into those specific jobs) where wages are high. That is, they begin to learn those kinds of labour powers. Entry of workers into jobs where wages fall will become less and less. Which means, outflow and influx of capital and workers among the branches take place only from a money point of view. When the **s** and **d** of workers in different branches coincide in this manner, rise and fall of wages cease to operate. But even during this period, unemployed people would invariably exist. Only after the emergence of more demand in one branch and more supply (unemployed people) in another branch, the

process of adjustment begins. There would never be a mechanism under capitalism whereby supply and demand are constantly adjusted in such a way that no unemployed person is found in any branch and no greater demand for labour power arises in any branch.

As the system of machinery develops and productivity increases in all the branches, demand for workers decreases and supply increases in all the branches. Only during the period when a special machine is introduced in a given branch, there arises a demand for operators and mechanics of that machine in that branch for certain period of time. Very soon, supply there will increase. Take any specific branch, there will not be a question of rise in the wages in that branch since a large population of unemployed people exist outside the 'places of production'. A situation, whereby wages rise due to rise in the demand, arises only in certain special contexts and that too only in the case of new kinds of 'mental labour'.

As supply is always on the increase in the case of 'manual labourers', the wage of these labours will always be lower than the average value of labour power.

Generally, wage means 'average value of labour power'. Let us say, the average value of labour power consists of 10 articles. If supply of workers in a given branch increases the wage may consist of 8 articles only. If **s** decreases, the wage may consist of 12 articles. If **s** and **d** coincide wage may consists of 10 articles. When wage consists only 8 articles, it does not mean that the value of labour power has decreased and when wage consists of 12 articles, it does not mean that value of labour power has increased. Changes in wages may take place depending on the then existing **s** and **d**, even without changes in the 'value of labour power'.

Value of a labour power is 10 articles. **s** and **d** are equal. Can the wage be 12 articles? No, it does not happen like that. Through **s** and **d** are equal, wage may rise if the value of labour power increases compared to the past (that is, if the value to learn that 'labour' increases compared to the past).

Changes in wages may take place from 3 sides. (1) Due to changes in the 'value of labour power'. (2) Due to changes in the supply of workers. (3) Due to changes in the demand of workers.

Value of labour power is an 'average condition'. Or, 'general condition'. Or, centre. **s** and **d** of the workers are specific conditions that show influence on that 'centre'. Depending upon that influence, wage may deviate either above or below the 'value of labour power'.

A wage is, let us say, Rs.12. (Or 12 articles). Can we understand, by looking at this '12', as to why the wage is like this and what are the conditions behind it? No, we cannot understand.

Those conditions may be of various kinds as follows:

(1)Value of labour power is 12. **s** and **d** of workers are equal. That is why, wage is 12.

(2) Value of labour power is only 11. But, **s** of workers decreased and **d** has increased. That is why, wage is 12.

(3) Value of labour power is 13. But, **s** of workers increased and **d** decreased and wage became 12. out of these 3 conditions What is the condition due to which that the wage is 12? We cannot understand it by looking at the wage. We will understand it only when we begin to examine various aspects of that branch.

Change of 'wage' due to change in 'value of labour power' and

Change of wage due to fluctuations of **s** and **d.**.

These two are different things.

Let us suppose that the value of old labour power of a given labour is 10 articles. Let us say that wage also consists of 10 articles since **s** and **d** are equal. After some period of time, the value of new labour power has become 15 articles. But, wage has now become 13 articles because **s** of workers is more and **d** is less. As soon as we see this, it appears as if wage has increased because the wage that consisted 10 articles earlier now consists of 13 articles. But, in fact, this does not amount to wage-rise; but wage-fall, because the wage in the past was equal to the past value of labour power and the present wage is less than the present value of labour power. Thus, 'wage' is formed on the basis of 'value of labour' depending upon the conditions of **s** and **d**.

We have to understand the movement of wages (changes in the wages) both from the general angle and specific angle. Both these 2 angles tend to decrease the wage.

If we see the changes in wages from the 'general angle': These are the changes that result from the changes in the 'value of labour power'. We have seen that generally productive forces keep growing in every branch. We have also seen that owing to the growth of productive forces, the 'quantity of articles' that workers get as wage also increases. In the chapter 'working day', in part 2 of volume 1, we have seen that it is a fall in wages, when we compared that wage with the quantity of articles that the worker produces after the rise in productivity. As productivity rises, 'the necessary labour time' in the working day decreases, while 'surplus labour time' increases. Thus, that portion of the working day, which is necessary to reproduce labour power generally, keeps decreasing. We may call this 'relative fall in the value of labour power'. That is, compared with the 'necessary portion' of the old working day, the 'necessary portion' of the new working day decreases. This is a relative fall of the value of labour power (though the articles connected with the value of the new labour power are large in number).

If we see changes in the 'wages' from a 'specific angle':

These changes are due to the changes in **s** and **d** of workers.

Since demand for workers will always be less than the supply of workers as productive forces keep growing, wage is always lower than the average value of labour power' (except in some mental labours).

It follows that whether we see changes in the wage from the 'general' angle or 'specific' angle, both these conditions tend to reduce wages.

We have seen that, under capitalism, there will be 3 aspects concerning the price of inanimate commodities like cloth and sugar, namely, value, production price and market price.

Similarly, in the case of 'living commodity' called 'workers', there will be 3 aspects, namely, (1) Value of 'labour', (2) Value of 'labour power', (3) Wage that deviates (either above or below) from the value of labour power.

'Value of labour' itself will never stand as wage because the question of profit does not arise if it is so.

If 'value of labour power' itself should stand as wage, the **s** of and **d** for workers have to be equal. But, it will not be so ever under capitalism. It may happen in some branches during some periods.

Therefore, 'wage' exists simply as a mass that deviates either above or below the value of labour power.

Though we may say 'either above or below', wage will never be 'above' than the average. It will be so only in the case of certain specific mental labour, that too, only on such occasions where there is lot of demand for such mental labour.

We have seen that **s** of workers will be more than the demand for them in any given labour. This situation brings forth 'competition' among the workers as well. That is, it makes workers ready even for low wages.

But, workers are not responsible for the competition that arises among them. **Capitalism itself creates conditions that compel workers to compete among themselves. The competition among workers is for the sake of 'living' and not for the sake of 'profits' as in the case of capitalists.** We should not treat the two things as identical having the same character. To say that 'we should not treat the two things as identical' does not mean that competition among the workers is good and it should necessarily continue. It only means that we should not treat the competition among workers as something that goes on with a selfish motive. Competition, wherever it exists, involves contradictions and it would inevitably make workers acquire selfish-nature. This will destroy the unity among workers. If there is no competition (or, if it is less) and if there is much unity among the workers, wage will not fall lower than the 'average value of labour power'.

18. What does the capitalist economist say about 'wage'?

This we have seen earlier.

According to our understanding, wage is not 'value of labour'; it is only 'value of labour power'. But, according to the capitalist conception, wage is something that is received in return for the entire work done. That is, the value of labour. That is why, though capitalist economists do not use the term 'value of labour', for them 'wage' means 'value of labour'. Their understanding does not include at all the concept of 'value of labour power'.

It is also not possible to point out precisely and clearly something

and say 'this is their understanding'. In order to understand that wage has a 'centre' and **s** and **d** act on that centre, they have to first of all grasp that 'centre'. But, in their view, the concept of 'centre' is not at all present; **s** and **d** alone exist. They will not raise the question 'what is it on which **s** and **d** act?

It so happens only in individual branches that demand for workers will be higher than the supply of workers. (That too, only in the case of certain labours only; even among those labours, only on certain occasions). If we consider the society as a whole, it never happens that **d** for workers will be more than their **s**.

But, capitalist economists treat the **s** and **d** of workers of a given branch as well as **s** and **d** of the whole society in an identical manner. According to them, **s** and **d** in the society as whole vary just as **s** and **d** of workers in an individual branch vary. That is, they imply that there will invariably be certain periods when the demand for workers in the whole of society is more. If this is true, then there should not be a single unemployed person in the society during those periods when there is more demand in the society as a whole, isn't it? But, it does not happen so. There will never be a stage in society when there are no unemployed people.

Since growth in capital also increases productive forces as we have seen earlier, it will not give rise to a demand that exceeds or equals social supply. It may raise demand to some extent than in the past.

The capitalist economists recite the law of **s** and **d** in the case of human beings (workers) also just as they do in the case of commodities. They hold the view that **s** and **d** vary in accordance with each other and make adjustments between themselves in the case of workers also just as they do in the case of commodities. That is, they treat 'supply of human beings' like 'supply of commodities'. Since 'workers' simply means commodities in their view, they use the 'language of commodities' even in the case of human beings.

To the capitalistic view, 'unemployment' is not at all a problem. It is a 'natural' phenomenon that comes and goes. According to them, it goes on like this: When supply of workers increases, some degree of unemployment gradually emerges, wages fall and some part of the population perishes. Then supply decreases, wages increase gradually,

unemployment too disappears and working population will again develop. Thus, the differences in **s** and **d** of the workers adjust among themselves, unemployment exists simply as a temporary problem and everything goes smoothly. The economists, who thus formulate on the one hand, will also formulate that 'working population is growing and their growth is their fault and hence they themselves are responsible for the fall in their wages and for their unemployment.'

It is an utterly superstitious notion that supply and demand adjust mutually either in the case of commodities or human beings. In the case of commodities, **s** and **d** make adjustments among themselves, only after a certain long period of time, with many fluctuations, many difficulties and losses and in a half-baked manner. Even this much adjustment of **s** and **d** does not take place in the case of workers. There will never be a demand that coincides with supply. That is, there would never arise a situation wherein unemployment ceases to exist even temporarily. Therefore, some part of the working population is always in partial or semi-partial employment and some portion is always in 'unemployment'.

The inequality between **s** and **d** indicates the existence of classes and sections within the classes in the society.

Unless there is a correct and collective planning, it is impossible for **s** and **d** to coincide on each occasion in the society as a whole only if the entire population of the society distributes the work of the entire society according to the principle of equality, **s** and **d** will always be equal. Then unemployment will not exist even temporarily. But, the capitalist economists will not have this kind of solution in their view since for them there is problem at all.

We cannot understand either prices of commodities or wages of the workers with superficial explanations like 'given prices' of commodities or 'given wages of workers' are based on the differences on **s** and **d**. We will able to understand correctly facts about 'prices' and 'wages' only when we understand the 'basis' on which **s** and **d** relations arise.

Let us see some observations from Marx on **s** and **d** of the workers:

(1) "The same law obtains in another form. With the development of the productive powers of labour the accumulation of capital will be accelerated, even despite a relatively high rate of wages. Hence,

one might infer, as Adam smith, in whose days modern industry was still in its infancy, did infer, that the accelerated accumulation of capital must turn the balance in favour of the working man, by securing a growing demand for his labour. From this same standpoint many contemporary writers have wondered that English capital having grown in the last twenty years so much quicker than English population, wages would not have been more enhanced. But simultaneously with the progress of accumulation there takes place a *progressive change* in the *composition of capital.* That part of the aggregate capital which consists of fixed capital, machinery, raw material, means of production in all possible forms, progressively increases as compared with the other part of capital, which is laid out in wages or in the purchase of labour. This law has been stated in a more or less accurate manner by Mr. Barton, Ricardo, Sismondi, Professor Richard Jones, Professor Ramsay, Cherbuliez, and others. If the proportion of these elements of capital was originally one to one, it will, in the progress of industry, become five to one, and so forth. In a total of 600, 300 is laid out in instruments, raw materials, and so forth, and 300 in wages, the total capital wants only to be doubled to create a demand for 600 working men instead of for 300. But if of a capital of 600, 500 is laid out in machinery, material, and so forth, and 100 only in wages, the same capital must increase from 600 workmen instead of 300. In the progress of industry the demand for labour keeps, therefore, no pace with accumulation of capital. It will still increase, but increase in a constantly diminishing ratio as compared with the increase of capital. These few hints will suffice to show that the very development of modern industry must progressively turn the scale in favour of the capitalist against the working man, and that consequently the general tendency of capitalistic production is not to raise, but to sink the average standard of wages..." ('Wages, Price and Profit', In Marx & Engels: Selected Workers, Moscow 1970, pp.185-226)

(2) "The demand for labour is not identical with increase of capital, nor supply of labour with increase of the working-class. It is not a case of two independent forces working on one another ...Capital works on both sides at the same time. If its accumulation, on the one hand, increases the demand for labour, it increases on the other

the supply of labourers by the 'setting free' of them, whilst at the same time the pressure of the unemployed compels those that are employed to furnish more labour, and therefore makes the supply of labour, to a certain extent, independent of the supply of labourers. The action of the law of supply and demand of labour on this basis completes the despotism of capital. As soon, therefore, as the labourers learn the secret, how it comes to pass that in the same measure as they work more, as they produce more wealth for others, and as the productive power of their labour increases, so in the same measure even their function as a means of the self-expansion of capital becomes more and more precarious for them; as soon as they discover that the degree of intensity of the competition among themselves depends wholly on the pressure of the relative surplus-population; as soon as, by Trades' Unions, &c., they try to organise a regular co-operation between employed and unemployed in order to destroy or to weaken the ruinous effects of this natural law of capitalistic production on their class, so soon capital and its sycophant, Political Economy, cry out at the infringement of the 'eternal' and so to say 'sacred' law of supply and demand. Every combination of employed and unemployed disturbs the 'harmonious' action of this law. But, on the other hand, as soon as (in the colonies, e.g.,) adverse circumstances prevent the creation of an industrial reserve army and, with it, the absolute dependence of the working-class upon the capitalist class, capital, along with its commonplace Sancho Panza, rebels against the 'sacred' law of supply and demand, and tries to check its inconvenient action by forcible means and State interference." (Capital, vol.1, pp.599-600)

(3) "...supply and demand presuppose the existence of different classes and sections of classes which divide the total revenue of a society and consume it among themselves as revenue, and, therefore, make up the demand created by revenue." (Capital, vol.3, pp.194-5)

19. Will the values of commodities change if wages rise?

The value of a commodity is 14. Its constituent parts are 6c+4v+4s=14. In the course of producing this commodity again and again, let us say, neither productive power nor constant capital increased but

variable portion became 5 instead of being 4. What will happen then? Will the value of commodity be 14 only or become 15?

The value produced by means of the 'living labour' of workers before the rise in the wages was 4v+4s=8. Since 4 stood as wage in this 8, the remaining 4 stood as 'surplus value'. The 'quantity of living labour' of the labourers will not at all change even after wages rise. Even now, its value will be 8. However, the portion of wages now is 5, the remaining portion of surplus value will be 3. If we see the 'value of the commodity', now also it will be as before: 6c+5v+3s=14. Which means, the 'commodity value' has not at all changed although wages rose. Only surplus value has decreased. Surplus value falls as much as the wages rise.

Since the value of living labour has to be distributed as 'wages' and 'surplus value', these 2 parts will stand in mutually opposite directions. That is, if one rises the other diminishes. If one diminishes, another rises. If 'v' rises, **s** diminishes. If 'v' diminishes, **s** rises. We have to talk about this aspect carefully. We have to say 'If wages rise, surplus value diminishes' but not. 'If surplus value diminishes, wages rise'. What remains after deducting wages is 'surplus value'.

Surplus value decreases due to the rise in the wage, but the 'commodity value' does not change, it does not increase.

Change in the 'rate of surplus value':

Before rise in wages : 4**s** from 4**v**.

Rate of surplus value : 4**s**÷4**v**×100=100%.

After rise in wages : 3**s** from 5**v**.

Rate of surplus value : 3**s**÷5**v**×100=60%.

Owing to rise in wages, surplus value decreased and the rate of surplus value too decreased.

Change in the 'profit rate' :

Cost price before rise in wages = 6**c**+4**v**=10**k**.

Cost price after rise in wages = 6**c**+5**v**=11**k**.

(We have to see 'profit rates' not against cost prices but against the total capital of the entire commodity. But, to make our example simple here let us see the profit rates against the cost prices. Whatever way we

may look at the matter, result is the same).

Before rise in wages : 4s against 10k.

Profit rate : 4s÷10k×100= 40%.

After rise in wages : 3s against 11k.

Profit rate : 3s÷11k×100= 27%.

That is, after the rise of wages, surplus value decreased and profit rate too decreased (even if we see these profit rates against the 'total capital' instead of cost price, the second profit rate will be lower than the first profit rate. It is because, capital in both the examples remain identical and the 'profit mass' decreases in the 2nd example).

How will be the 'surplus value', if we see that 'wages' have now decreased (while other things remain constant)?

Let us suppose that wages are 3 instead of 4. Though wages decrease, the value produced by the 'living labour' will be 8 even now as in the past. Of this, 3 are wages and 5 are surplus value. Thus, if wages decrease, surplus value increases.

Then, how will be the 'commodity value' if wages decrease? It will not change at all. Now, the commodity value: 6c+3v+5s=14. That is, though wages decreased, commodity value has not decreased. While it is as before, surplus value alone has increased. Owing to the increase of surplus value, rate of surplus value as well as rate of profit increase.

We supposed that the rate of surplus value before the decreased of wages is 100%.

After decrease in the wage : 5s by 3v.

Rate of surplus value : 5s÷3v×100=167%.

Owing to the decrease of wages, surplus value as its rate rose.

Now, the profit rate has also increased. Now, the cost price: 6c+3v=9k.

Profit that comes from 9k is : 5p.

Rate of profit is : 5p÷9k×100=56%.

While the profit rate before decrease in wages was 40%, it is 56% after decrease in wages.

What do we know from these examples? Whether wages rise or fall, the portion of surplus value alone changes but not the 'commodity value'.

Now let us see another kind of example:

The value of a given cloth is 6c+6v+6s=14. The productive power in the work place where this cloth is being produced has not changed. But, the productivity in the work place that supplies raw materials to this cloth has decreased. It means, the cotton crop has got spoiled and the value of the yarn required for this cloth has increased by 2. (Let us suppose that the value of the yarn itself stands as its price. We assume that the capitalist who bought yarn has bought it at its value only). Owing to the increase in the value of yarn by 2, the value of 'constant' portion of the cloth will now become 8 instead of 6 as before. During the same period, the portion of wages concerning this commodity too has now become 5 instead of 4 as in the past. It means that changes have now taken place both in the constant and variable portions. After the increase in constant and variable as well, the value of the cloth will become 8c+5c+3s=16. Which means, the value of the cloth has increased by 2 than in the past. What is the reason for this increase in the value of the cloth? The reason is increase in the 'constant' portion and not in the 'variable' portion. Though 'variable' portion has increased by 1, 'surplus value' has decreased by 1. Hence, the change in the variable will not affect the 'commodity value'. Therefore, though constant and variable portions change simultaneously, the change in the constant portion alone is responsible for a change in the commodity value.

We are seeing all this only to know whether the commodity value changes if wages change.

'Wages' may refer to either the commodities of a given branch or the 'mass of total commodities'. They may be of one day or of one year. In whatever way we may take the example, essence will be the same. The essence is as follows: If wages change, only 'surplus value' changes accordingly but the 'commodity value' does not change.

"For if commodities are sold at their actual values, it is evident that, other conditions being equal, a rise, or fall, in wages will cause a

corresponding fall or rise in profit, but no change in the value of commodities, and that under all circumstances a rise or fall in wages can never affect the value of commodities, but only the magnitude of the surplus-value." (Capital, vol.3, pp.207-8, Moscow 1971).

20. Why do changes occur in wages?

We have seen that no change takes place even if wages increase. Well, then, why do wages actually increase or decrease? In our daily life, we simply see only a little rise in the wages but we never generally see their fall. Why?

There have been many occasions in the history of capitalistic wages when wages were reduced. On many occasions in history many workers were removed from their jobs and the wages of the workers who continued in the jobs were decreased especially during the period when commodities are dumped in the market and their sales have receded. But, during normal periods, decrease in the wages does not appear so clearly. Moreover, it appears as if wages are constantly increasing. But, whatever appears outwardly is not the complete truth.

In the example of 6c+4v+4s, we have seen that wages increased once and decreased another time while other conditions remained constant. But, wages also do not change if other conditions do not change.

'Other conditions' mean productive power, value of money, quantity of money and such other conditions. If any one aspect of these conditions changes, its impact will be on wages.

If at all wages rise, it indicates that the wages had already fallen! It means that a rise became necessary due to the fall. It does not mean that capitalists suddenly became kind hearted without any necessity and without any change in other conditions and increased the wages thinking thus: "Let us give still more wages to workers!"

Even on those occasions where wages outwardly appear to have risen, the increased wages too give only the 'average value of labour power'.

Let us now see one after the other the impact of productive power, value of money and quantity of money on 'wages'.

1) Impact of productive power on 'wages'

Productive power keeps growing periodically either in individual branches or in the society as a whole. We have seen earlier as to how the 'necessary' and 'surplus' portions vary whenever productivity rises from a given level to a higher level. (In the chapter on 'Working Day', in part 2 of this volume 1, where we talked about 'relative surplus value').

Let us consider any one labour (either stitching or weaving or any other labour). We have to consider both the periods when productivity is low and when it is high. In both the examples, we have to take the period' during which 'living labour' is performed in an identical way. That is, we have to take the uniform length of the working day (If the lengths of the working days are different, the quantities of living labour performed during those working days will be different accordingly. But, to make our example simple, we have to take the working days of the same length during the periods of old productivity as well as new productivity). Hence, let us suppose that 'working day' is of 8 hours in both the examples. If 8 hours of living labour is performed in the old working day, even in the new working day the same 8 hours of living labour is performed. It means that both the working days have the same value.

Then, what is the difference between the 2 examples? We have seen this point in greater details in the chapter on 'productive power' in part 1 of volume 1.

While less number of articles representing living labour are produced by an individual, in the working day where production is low, more articles will be produced in the 2nd example where productivity is high.

If the value of the previous working day (value of 8 hours' living labour) spreads over the less number of articles, the value of new working day (here also it is the value of 8 hours living labour) spreads over more number of articles. Thus, the value of individual commodity will be high in the example where productivity is low and the value of the individual commodity in the 2nd example will be low.

Let us suppose that a worker produces 10 articles representing 'living labour' in a working day where productivity is low. Out of them, 5 constitute wage and 5 constitute surplus value. That is, the portion of wage in the working day is 5% and the portion of surplus value is 50%.

Let us say that productivity has become double. The worker produces 20 articles representing living labour in the new working day. If 8 hours living labour was spent on 10 articles in the past, now 8 hours living labour is spent on 20 articles.

In the new working day 8 articles represent wages and 12 article represent surplus value. That is, now 40% of the working day represents the portion of wages and 60% represents the portion of the surplus value.

Both the working days will have the same value (8 hours value). But compared to the portion of wages in the previous working day, the new working day has diminished.

If previous wage consists of 5 articles, new wage is 8 articles. If we simply look at the masses that appear outwardly, wage appears to have risen. We call this 'absolute rise' in wages. But, if we compare the portion of wage in the previous working day with that of the new working day, the portion of wage has decreased. We call this 'relative fall' in wages.

Now, we can offer an answer to the question, 'what will be the impact of productive power on wages?' Productive power under capitalism always keeps growing. Therefore, that growing productivity raises wage absolutely and decreases relatively. We have already seen this thing earlier. We have simply 'recalled' them here.

Now we have to understand the impact of 'productivity' together with factors, namely, value of money and the quantity of money.

2) On the changes in the 'value of money'

What will be the impact of changes in the value of money on wages? That impact on the wages will be the same as it will be on the commodity prices since 'wage' is also a 'price'.

We know that there is a distinction between the money-commodity and ordinary commodities.

Gold (silver as well) is a money commodity.

Excepting gold, all others are ordinary commodities.

Change in the value of gold itself is the change of 'money value'.

We have seen earlier itself (in the chapter on 'productive power' in

part 1 of volume 1) as to what would be the impact of the change in the 'money value' on ordinary commodities.

Why do changes take place? Why do changes in any commodity value take place at all? How will the prices change if value of money rises or falls? We have to once again recall these issues that we have seen earlier.

How does any commodity acquire 'value'? Due to the quantity of labour spent on it. If the quantity of labour changes, 'value' changes. Why does the quantity of labour change? Due to the change in 'productivity'.

The value of an individual commodity changes only where productivity changes. The value will not change if productivity does not change.

Same is the case with 'money'. If productivity relating to the gold changes, the value of a unit of money changes. Owing to this, all the prices change. Let us here see how it happens.

Let us suppose that all the conditions in the example are as follows:

Let us say that gold branch is on the one hand and all other branches together under the name of 'grain branch' are on the other hand.

1 gram gold=1 gold rupee.
Let us say that 1 paper rupee is in circulation in lieu of 1 gold rupee.
Value of 1-gram gold is equal to the value of 1 kilo of gram.
Price of 1 kilo grain=1 paper rupee (that is, 1 gram gold).

While the exchange proportions between grain and money are like this, let us say, the productivity of gold doubled without a change in the production of grain. The labour time of 1 gram gold and consequently its value has fallen to half. Now, neither 1 gold rupee nor 1 paper rupee will have as much value as they had earlier. They will have only half of the value. Hence, now, 1 kilo grain should get in return 2 grams of gold, instead of 1 gram of gold. That is, now, 1 kilo grain should get Rs.2, instead of 1 rupee, in return. 2 gold rupees, if gold rupees are in circulation; 2 paper rupees if paper rupees are in circulation).

If a kilo of grain gets Rs.2 instead of 1 rupee, it means that the price of grain has increased. Increase in money to be received is a rise in the price.

Which means, the price of grain has risen even without a change in its value. The reason for such a rise is not an increase in the value of grain but a decrease in the value of money.

But, what will happen if money value increases instead of decreasing? What will happen if the productivity of gold decreases and thereby labour time and the value of gold double? Then, how will the price of grain change?

Then, 1 kilo grain should get only half gram gold instead of 1 gram gold in return. That is, that grain should get only half rupee instead of 1 rupee as in the past. 'Decrease in the money to be received' implies fall in the price.

Thus, when money value changes, whatever changes have taken place in the price of grain, the same changes will take place not only in the case of grain but all other commodities as well. Which means, when money value falls, prices of all commodities rise. When money value rises, the prices of all commodities rise. All the prices will change at the same rate at which money value changes.

However, this kind of change that takes place in the prices will not be counted as a change at all. It is because, this change takes place not only in the case of any one commodity but of all the commodities uniformly.

When all prices rise at the same level, the seller of the grain, though he sells his commodity at a higher price, will have to buy others' commodities at higher prices too. Similarly, when all prices fall at the same level, a commodity-owner, though buys others' commodities at lower prices, will have to sell his commodities too at a lower price. Therefore, when all the prices rise or fall due to a change in the money value, there will not be any specific profit or specific loss.

'Money' is a 'measuring vessel' of commodity values. Change in money value means change of the size of that measuring vessel. What will happen if the size of the measuring vessel changes? There occurs only a change in the number of vessels. If the size of the vessel is smaller, the number of vessels increases. If the size of the vessel is bigger, the number of vessels decreases. This point applies to all commodities alike. Therefore, the change that takes place in the money value is not something

that we have to take into account in fact. It in fact amounts to non-occurrence of a change.

But, will the 'wages' too rise when money value decreases and all prices increase? Only if it happens so, no problem will crop up due to a change in the money value. Even if money value changes that change will not amount to a change if wages also rise at the same level at which all the prices rise. Before we examine the question of 'wages', we have to recall one or two aspects concerning 'money'.

We have seen that all the commodity prices change if money value changes. In this context, we have to also see about unchanging condition of prices even when money value changes.

Why is it possible that prices do not change even if money value changes? It is possible if commodity values also change.

When money value rises and commodity values too rise at the corresponding level, then the previous proportions of exchange between money and commodities do not change. That is, prices will not change.

Similarly, if commodity values too decrease when money value decreases, even then the proportions of their exchange will not change. Their prices will not change.

Rise in productivity does not mean that it occurs only in the money branch and does not occur in other branches. In every branch, productivity rises to some extent or the other periodically.

If that growth is at the same level in all the branches, the proportion of exchange between money and commodities will change. None of the prices change.

But, the growth of productive forces in all the branches will not be exactly at the same level. It will be uneven.

Under these conditions, if the growth of productivity in the money branch takes place at a higher level than in other branches, the money value decreases too much and the values of commodities do not decrease at that level and thereby all the commodity values increase.

If value of grain decreases by 10% and the money value also decreases by 10%, that is even if the values of the two decrease, the

proportions of their exchange do not change. Which means, the price of the grain does not change.

The price of the grain increases only if money value decreases at least by more than 10%, that is, at least by 11% when the value of the grain decreases by 10%. In this example, if we see 10% decrease in the value of the grain and 11% decrease in the money value together, they cancel each other by 10% at both the places and 1% remains at one place. What it means is that the value of the grain has not decreased but money value has decreased by 1%.

When we speak of 'decrease in the value of money', it does not mean that the value of money alone keeps changing all the time and the values of other commodities do not change when the value of money decreases.

Values of all the commodities keep changing. However, when the decrease in money value is more than the decrease in the ordinary commodity value, it amounts to 'decrease in the money value'.

Assuming that the money value has decreased to half and value of the grain has decreased by a quarter, what will be the price of grain when the proportion of exchange namely 1 kilo grain for 1 rupee still exists? (We assume 'value' and the 'price' are identical).

Since the value of grain decreased by a quarter, the price of 1 kilo grain, which had the value of 1 rupee in the past, will now be 75 paise. But, since money value has now decreased to half, 1.50 paise have to be paid in place of 75 paise. It means, now the price of 1 kilo grain becomes 1.50. Though the value of grain decreased by a quarter, the price of grain rose because the decrease in the value money is greater than the decrease in the value of grain. If this whole situation is contrary to this example then the price of the grain decreases instead of increasing.

Another aspect concerning change in the value is that 'money' has only 'value' but not 'price'. We have seen this point also in the past (in the chapter on 'money form' in part 1 of volume 1). We have to recall this point also once again here.

'Money' will have only 'value' but not 'price'

Expressing 'value' by means of 'money' itself is price. Therefore, 'money' does not have 'price' just as ordinary commodities have.

When we say 'money', we have to understand it both as 'gold' money as well as 'paper money'. That is, if gold coins themselves are in circulation, then what will be the situation? Or, if 'paper money', instead of gold coins, is in circulation, what will be the situation? We have to understand the issue in these 2 ways.

In our example, we supposed:

1 gram of gold=1 gold rupee=1 paper rupee.

Let us say that gold coins alone are in circulation. What is the 'price' of '1 gold rupee'?

That is, how much money do we get if we give 1 gold rupee and want to take 'money' in lieu of it? We will get the same amount of money that we gave.

'1 rupee' will get '1 rupee'.

Since, we have to express 'price' in terms of 'money':

'price' of 1 gold rupee = 1 gold rupee.

Or, let us suppose that 'paper money' is in circulation.

What is the 'price' of '1 paper rupee'?

Even then the price of '1 rupee is 1 rupee'.

Whether we consider 'gold money' or 'paper money', we have to keep money as an equivalent of money if we want to see the price of 'money'.

The price of 1 rupee 1 rupee only.

The price of 2 rupees 2 rupees only.

This is meaningless. That is, seeing the price of money is meaningless. Hence, we say that 'money' does not have 'price'.

If we get 1 kilo grain in lieu of 1 rupee, that grain will be the 'value' of the rupee but not its 'price'.

If we look from the side of the grain, the rupee that we get in lieu of grain is nothing but 'price' of grain.

If we see from the side of money, the grain that comes in return to money is not the price of money.

Any commodity that comes in return to money is not the price of money.

If we see gold as a 'lump' instead of 'coin', then will the gold have 'price'? What is the price of '1 gram of lump of gold'?

We may see the 'price' for that 'lump' in rupees. But, it is also meaningless because of the following:

We have supposed that 1-gram of gold stands as 1 rupee coin.

To buy 1 gram of 'gold lump', we have to give 1 rupee coin. That is, we may say that 'the price of 1 gram of gold=1 rupee'. But, the essence of the matter is that we are taking 1 gram of gold by giving 1 gram of gold. This is like seeing the price of the gold in the form of gold. What have we understood about gold's price by seeing like this? That is why, this is meaningless.

Or, let us suppose that 'paper money' alone is in circulation.

First we have to take an example to know how much gold does '1 paper rupee' represent.

1 gram gold=1 gold rupee=1 paper rupee.

That is, 1 paper rupee represents 1 gram of gold (that is 1 gold rupee).

Therefore, we may say that the price of 1 gram of gold=1 rupee.

If we sell a lump of 1 gram of gold, we get '1 paper rupee'. Or, in order to buy gold, if we give 1 paper rupee we get 1 gram of gold.

Just as the prices of other commodities appear in the form of money.

But, paper money does not have value of its own. Value of gold itself is the value of paper money.

'Appearance of prices of other commodities in the form of paper money' is nothing but appearance of all those prices in the form of gold money. Therefore, it is not meaningless to see the prices of other commodities in the form of paper money.

But, seeing gold in the form of paper money is as meaningless as seeing it in the form of gold money because, it is the 'gold money' that is

behind 'paper money'. This amounts to seeing the price of gold in the form of gold.

Yet, the price of gold can be seen in the form of paper money. Here, in our example, price of 1 gram of gold=1 rupee (1 paper rupee).

We have seen that 'money' simply possesses value but it does not have price. That money may be gold money or paper money or any form of money.

But, 'lump of gold' will have prices. That price appears in the form of gold money as well as in the form of paper money.

But will the price of the lump of gold change if 'value' changes? How will be that situation?

1 gram of gold=1 gold rupee.

Value of lump of gold has become half. Value of gold contained in the 'rupee coin' too has become half. Hence, even after decrease of the value, the price of 1-gram gold is 1 rupee only. But, it will not be: 'price of 1 gram gold=1/2 gold rupee'. If it is so, it amounts to the fact that half gram gold has come in return to 1 gram gold. But, that does not happen so.

When the value of gold decreases, money value (value of rupee coin) decreases without a change in the price of gold. Then if we buy other commodities with the money, we get those commodities in fewer quantities. Similarly, if the value of 1 gram gold becomes double, the value of 1 gram of gold, which is in the form of a 'rupee coin', too becomes double. Therefore, even then, the price of 1 gram of gold=1 rupee only. But, that price will not be Rs.2 (2 coins). If it happens so, it amounts to the fact that 2 grams of gold has come in return of 1 gram of gold. Hence, it will not happen like that.

When the gold value increases money value (rupee value) increases without a change in the price of the gold. When we buy other commodities with that money, we get them in more quantities than in the past.

It means that even if gold value decreased or increased, that is, changed either way, that change is not evident from the price. Which means, price is not changing.

What will be the situation if paper money, instead of gold money, is in circulation? Will the change in the gold value appear in the price?

The paper money does not have value of its own. Value of paper rupee depends on the amount of gold which 1 paper rupee represents. Hence, we have to first of all specify the amount of gold that 1 paper rupee represents; that is, how much value does a paper rupee have.

1 gram gold=1 gold rupee=1 paper rupee.

In this example, 1 paper rupee represents 1 gram gold. That is, 1 paper rupee will have as much value as 1 gram of gold has.

Now, the price of 1 gram gold=1 rupee.

While this is so, let us say that the gold value has fallen to half. Will the price of 1-gram gold decrease now? Will the price be half rupee? No, it will not happen like that since the value of rupee, which stands as the representative of gold, also decreases if gold decreases. If the value of 1 gram gold becomes half, the value of 1 paper rupee too becomes half.

Hence, even now price of '1 gram gold=1 rupee' only.

Though gold value decreased, that fact is not evident from the gold price. Though value changes, price does not change.

Whatever has happened when we saw the gold in the form of money, the same thing has happened even when we saw gold in the form of paper money. Though value for gold changed (whether decreased or increased), price has not changed.

Now let us see this in another manner in order to understand this point more clearly.

Price of 1 gram of gold = 1 rupee = 1 kilo grain
(1 hr. labour) (1 hr.labour)

Later, let us say, the labour in a gram gold has decreased by half and gold value became half. Since value became half. Since value became half, let us see as if gold price too has decreased. Let us say it has become half rupee.

Now, how will be the price of the grain?

Labour time in the gold has decreased but not in the grain.

If the value of half-hour labour contained in the gold is half rupee, the value of an hour labour contained in the grain will be 1 rupee. That is, the price of 1 kilo grain is 1 rupee even now. This is a wrong way of looking at things.

This is wrong because we have treated the change in gold value as change in the gold price. In fact, it does not happen so. When gold value decreases, the value of paper money, which represents the 'gold with diminished value', too decreases. If we measure other commodities with the 'money of diminished value', their prices would appear in the form of more money than before. That is, all those prices have to rise and will rise. Similarly, when gold value increases, money value too increases and all the prices of other commodities appear in the form of less money than before. Which means, all the prices decrease.

Hence, we have to understand the connection between gold value and its price on the one hand and the gold price and the prices of other commodities on the other hand as follows:

1) Though gold value changes, price does not change.

2) If gold value changes, money value also changes in the same direction.

3) When money value changes, all the prices of other commodities, except the gold price, change. But, they change in an opposite direction. That is, if money value decreases, commodity prices increase. Or, if money value increases, commodity prices decrease.

But, we observe in our daily life that gold price increases and/or decreases. What does this mean? How does this happen?

We supposed 1 gram gold as 1 rupee. If the gold price increases or decreases with relation to 1 rupee, the reason for change in the price is not a change in the gold 'value'. In the case of gold, it is not possible to see the change of value in the 'price'. Therefore, whenever there appears a change in the 'gold price', it will have some other reason.

1) Either a change in the conditions of **s** and **d** of gold.

2) Or, a change in the quantity of paper money that has to circulate.

Let us first see the condition of 'supply' and 'demand'.

A change in the **s** of gold means a change in the labour time and hence in the value of 1 gram gold. We have seen that price does not change if value changes. Therefore, change in **s** will not change the price even if it changes the gold value.

Let us say that **s** remained constant and **d** has changed. If **d** changes, 'price' may change. However, this does not happen when there is gold money in circulation.

1 gram gold=1 gold rupee.

If **d** for 'gold lump' increases, **d** for gold coin too increases. Even if **d** for gold increases, 1 gram gold will not get more than 1 gram of gold coin in return. Hence, when gold money is in circulation, there will not be a change in the gold price even if **d** for gold increases. But, due to an increase in the demand for gold, 1-gram gold will get other commodities in greater quantity than in the past.

When 'gold money' is in circulation, changes in **s** and **d** do not change the gold price.

Now, let us say 'paper money' is in circulation.

1 gram gold=1 paper rupee=1 kilo grain.

While this is so, demand for gold has doubled. Now, gold price may rise to some extent or may become double. That is, price of 1-gram gold =2 paper rupees. These 2 paper rupees will get 2 kilos of grain. Owing to the demand for gold, we get other commodities in return in greater quantities.

Thus, when **d** for gold changes, change in gold price appears in the paper money.

The second reason for the rise in the gold price is an increase in the quantity of paper money than in the required quantity. We will see this point in this chapter only where we discuss 'changes in the quantity of money'.

Now, let us come back to the point that 'money will have only value but not price'.

If the value of an ordinary commodity (e.g., grain) changes, that change will be evident from its price (in the form of either increase or

decrease in the money that comes in return to that commodity). Which means, we can grasp the change in the value of an ordinary commodity by only one aspect, namely, 'money' which the commodity gets in return.

But, if value of the 'money' changes, it is not possible to observe the change in its 'price' since 'money' does not have a price at all. Then, the change in the 'value' of money manifests through the 'ordinary commodities' that we get in return to the money. Those ordinary commodities will be not one or two but many hundreds and thousands of kinds. Therefore, in order to understand the change in the 'value' of money, we have to examine 'many important commodities', instead of any one commodity, from among the commodities that come in return to the money.

Have the quantities of commodities that come in return to '1 rupee' decreased compared to the past? What is the level at which such changes took place? We have to examine these things.

If we see from the side of commodities, it means that money value has decreased when commodity prices increased and money value has increased when all the prices decreased.

If we see from the side of 'money', it means that money value has decreased when quantities of commodities that come in return to money decreased; and money value has increased when the quantities of commodities increased.

Only if we conduct investigations on commodity prices and the quantities of commodities that come in return to money, is it possible to understand properly as to whether money value changed or not, and if it changed, what is the level at which such a change occurred.

After examining all these aspects concerning 'money value', we can now come to the actual point that we need here is, 'what is the impact of money value (if it changes) on 'wages' would be the same as it would be on 'price'. That is, just as prices change, wages too change.

But, under capitalism, capitalists do not undertake proper investigations into the change of 'money value' and do not raise wages at the same level at which money value has fallen.

How much do the wages rise when money value decreases by half

and prices become double? They too have to become double. Workers should now get wages of Rs.2, instead of Rs.1, which they got earlier. If they get wages like this, workers will be now able to buy, with Rs.2, the same number of wages, which they bought with Re.1 in the past. Only if it happens so can it amount to the fact that wages have not at all diminished.

But, let us suppose that wages have not risen despite the doubling of the prices. Then, it means that all the wages have decreased by half. If the present wage too is one rupee just as previous wage, the commodities that it gets would now become half and hence it amounts to a decrease of wage by half. In case that wage increases, that is, if it rises up to 1.50 or 1.90 only, even then that increased wage too would not be equal to the old wage. Only if it becomes fully Rs.2, then it would be equal to the old wage.

The real meaning of 'wage' is 'some products' only. When we get some money as 'money', we should get some products for that money. It means, the real meaning of 'wage' is 'a given number of products'. Therefore, when money value decreases, 'money wage' too should rise at the same level and workers would be able to get articles of consumption as ever. If the wage that was '1 rupee' in the past remains to be the same '1 rupee' even after the money value has decreased it remains to be a wage for 'name sake'.

If workers receive, as wage, only a specified number of articles which they get for '1 rupee' at a specific point of time, it means that the name '1 rupee' but not its 'value', stands as wage.

But, the real meaning of wage is the value that it should get and not its 'name'.

Therefore, money wage and real wage are not the same.

Since the essence of wage consists of only articles, the important question is 'how many articles does the money, which comes as a wage, get?

Increase in 'money wage' takes place in 2 ways.

The first kind is the increase in the money that comes as wage, when 'money value' decreases. The wage that increases in such a manner should get all the articles, which it used to get in the past. If it happens so,

it only means that the workers received the old wage and hence it does not amount to an increase in wage despite an increase in the money wage.

The second occasion in the price rise is 'a rise in the wage when value of labour power increases. When wage increases due to this reason, that wage, while giving all the past articles, should be able to give some more articles equivalent to the new value of labour power. Thus, wage rise has 2 kinds of implications.

If wage does not rise as much as it ought to in a given situation, it will simply be 'nominal wage'.

If we consider here only the aspect of 'money value', wages have to rise, whenever 'money value' falls in the same proportion in which 'money value' falls. But, under capitalism, this happens in a half-baked manner and not in a proper manner. It is because, it (the capitalist system) does not have a correct understanding of 'value' and more importantly because it is an 'exploitative' society. Therefore, it (capitalism) does not conduct proper examination of changes in 'money value' and does not increase wages of the workers without their (workers') asking for it (wage-rise).

Here, we come across a question, namely, 'Just as wages have to rise when money value decreased, should wages not decrease when money value increases?' Yes, wages have to keep decreasing in such a situation.

Such a situation arises when labour time necessary to produce gold increases. When the substance found in the gold mines become thin, the value of 1 unit of gold increases. Thus, if money value rises, wages have to keep decreasing. However, owing to such decrease in the wages, there will be no change in the quantity of articles. Workers get the same quantity of articles. Hence, it does not amount to a decrease in wages. It only amounts to a change in the name of wages.

That is, when money value increases, money wages too have to decrease. However, such thing never appears to us in daily life. It is because, another condition, namely, 'increase in the quantity of paper money' in circulation beyond requirement cancels the first condition. That is, the problem of quantity of paper money avoids the situation wherein money-wages have to decrease. This point will be clear when we see the quantity of money.

The point which we have to understand for the present here is that it will harm the working class if wages do not rise whenever they ought to rise; there will be no harm to the capitalist class if they (wages) do not fall whenever they ought to fall. The surplus value that it exploits will decrease only to some extent. (Of course, it also harms that class). If wages do not decrease when they ought to, it means that working class will get more products than the 'average value of labour power'. Even then capitalist class keeps receiving 'surplus value'. Hence, even if wages do not decrease, there is no injustice to the exploiting class.

So far, we have discussed about 'money value'. In this regard, let us hear some words from Marx.

> "We have only to read the quotations of a price-list backwards, to find the magnitude of the value of money expressed in all sorts of commodities. But money itself has no price. In order to put it on an equal footing with all other commodities in this respect, we should be obliged to equate it to itself as its own equivalent."(Capital, vol.1, p.98)

> "By the discovery of more fertile mines and so forth, two ounces of gold might, for example, cost no more labour to produce than one ounce did before. The *value* of gold would then be depreciated by one half, or fifty percent. As the *values* of all other commodities would then be expressed in twice their former *money prices,* so also the same with the *value of labour.* Twelve hours of labour, formerly expressed in six shillings, would now be expressed in twelve shillings. If the working man's wages should remain three shillings, instead of rising to six shillings, the *money price of his labour* would only be equal to *half the value of his labour*, and his standard of life would fearfully deteriorate. This would also happen in a greater or lesser degree if his wages should rise, but not proportionately to the fall in the value of gold. In such a case nothing would have been changed, either in the productive powers of labour, or in supply and demand, or in values. Nothing could have changed except the money *names* of those values. To say that in such a case the workman ought not to insist upon a proportionate rise of wages, is to say that he must be content to be paid with names, instead of with things. All past history proves that whenever such a depreciation of money occurs the capitalists are on the alert to seize this

opportunity for defrauding the workman. A very large school of political economists assert that, consequent upon the new discoveries of gold lands, the better working of silver mines, and the cheaper supply of quicksilver, the value of precious metals has been again depreciated." ('Wages, Price and Profit', p.218, in 'Marx and Engels: Selected Works', vol.1, Moscow 1970)

"In the sixteenth century, the gold and silver circulating in Europe increased as a result of the discovery of richer and more easily worked mines in America. Hence, the value of gold and silver fell in relation to other commodities. The workers received the same amount of coined silver for their labour power as before. The money price of their labour remained the same, and yet their wages had fallen, for in exchange for the same quantity of silver they received a smaller amount of other commodities. This was one of the circumstances that furthered the growth of capital and the rise of the bourgeoisie in the sixteenth century. Let us take another case. In the winter of 1847, as a result of a crop failure, the most indispensable means of subsistence, cereals, meat, butter, cheese, etc., rose considerably in price. Assume that the workers received the same sum of money for their labour power as before. Had not their wages fallen? Of course. For the same money they received less bread, meat, etc., in exchange. Their wages had fallen, not because the value of silver had diminished, but because the value of the means of subsistence had increased. Assume, finally, that the money price of labour remains the same while all agricultural and manufactured goods have fallen in price owing to the employment of new machinery, a favourable season, etc. For the same money the workers can now buy more commodities of all kinds. Their wages, therefore, have risen, just because the money value of their wages has not changed. Thus, the money price of labour, nominal wages, do not coincide with real wages, that is, with the sum of commodities which is actually given in exchange for the wages. If, therefore, we speak of a rise or fall of wages, we must keep in mind not only the money price of labour, the nominal wages. But neither nominal wages, that is, the sum of money for which the worker sells himself to the capitalist, nor real wages, that is, the sum of commodities which he can buy for this money, exhaust the relations contained in wages. Wages are, above all, also

determined by their relation to the gain, to the profit of the capitalist- comparative, relative wages." ('Wage Labour and Capital', p.164, in 'Marx & Engels: Selected Works, vol.1, pp.142-174)

So far, we have seen what will be the influence of changes in 'money value' on prices and wages. Now, we will look into 'money quantity'.

3) On the changes in the 'quantity of money'

We have already stated earlier that whenever we speak of 'money', we have to understand it as 'gold money' and 'paper money' as well. We have to treat it the same way always.

If gold money, that is, gold coins, are in circulation, then that quantity of money, whether it is more or less will have no impact on the 'prices'. But if 'paper money' is in circulation and if that money is larger than actually required, its impact on prices will be such that it raises them. Then, if wages too do not rise in accordance with the risen prices, those wages would amount to have fallen compared to the past. We will see precisely these things now.

Let us suppose that sales and purchases of commodities of a thousand values have to take place every day in the society. Let us take all the calculations relating to a single day only. That is, all the capitalists buy 'means of production' and sell their new commodities once in a day. They pay wages to workers once in a day. With those wages, workers buy 'means of subsistence' once in a day. Capitalists also buy their own means of subsistence once in a day. To carry on all these activities, there should be a total of thousand rupees at both capitalists and workers. The same rupees circulate daily among them again and again. Intermittently, they also go and come from banks. A day's sales and purchases take place with those rupees. Same thing happens on the second day as well with the same money.

First on the quantity of 'gold money':

Let us say that there have to be a 'thousand gold rupees' with all the people taken together for the sake of circulation in a day. While this is so, gold value alone has decreased by half without a change in the values of 'ordinary commodities'. Then, rupee coins have to become double in order to satisfy the circulation needs, since 2 rupee coins have to go now to every place, where 1 rupee coin used to go earlier. That is, all the prices would rise. This is the situation when gold value decreases.

But, let us suppose that gold rupees 'in circulation' have become double without a change in the gold value. ('In circulation' means 'with the entire population'. Let us say that now there are 2 thousand coins instead of a thousand coins. But in reality it does not happen like this. If gold value does not decrease, the number of rupee coins need not rise. But, in order to understand as to what would be the situation of 'prices' if it so happens, we are viewing the thing as if the number of gold rupees has increased).

An increase in the number of gold rupee coins may take place as follows. Let us say that there are 10 gold rupees with a capitalist for the sake of 'production needs'. Let us also say that he meets daily needs with that money. Let us suppose the capitalist has some 'gold lump' too in addition to that money. He got that lump too converted into 10 more rupee coins. That is, he has a total of '20 gold rupees' with him. Similarly, let us say, the other capitalists too got more rupee coins than necessary daily. Thus, let us suppose that there are double the number of rupee coins than actually necessary with all the capitalists. What will happen then? Will the commodity prices rise because there are double the number of gold coins? Will they have to give 2 gold rupees where they used to give 1 gold coin in the past? No, it will not be so.

Let us suppose that the price of 1 kilo grain in the past was 1 gold rupee. If the value of the grain rises, its price rises. Or, if the gold value decreases, grain price increases. When no such changes take place, the grain price does not change.

Even if there are more number of gold rupees with the person who came to buy grain, the grain price will not rise due to that reason.

'Gold coin' will have its own value. Therefore, the value of 2 coins will be double the value of 1 coin. (The quantity of labour contained in 2 coins will be double the quantity of labour contained in 1 coin).

While 'the price of 1 kilo grain is 1 gold rupee', if the buyer of the grain pays 2 gold rupees for that grain, it amounts to the fact that he/she has paid double the value in return to the value received. Hence, however large number of gold coins the buyer of the grain might have, that person need not give more than one coin for 1 kilo grain. That person will not do so. That is, grain price will not rise in this example. It will be as before.

However much the gold coins available with all the people increase, commodity prices will not rise due to that reason. Similarly, however much the decrease in the number of gold coins, prices will not decrease.

But if there are not as many rupees as needed in the circulation, circulation activities do not take place quickly. They are reinvested. That is, if the number of rupees decreases, the problem of reinvesting in circulation activities arises but there is no change in tactics.

What happens when the number of rupees coins 'increases' is that all the unnecessary coins stay behind. They remain static wherever they are.

If a capitalist requires only 10 gold rupees daily and if he has 15 gold rupees, he would keep 5 rupees in the safe. After some period, he would get them melted into a 'gold lump'. Even if he does not convert them into a 'lump' and keeps them as rupee coins, he would not use them in circulation. That is, he would not use those 5 coins for the sake of buying commodities since he has no need with them. That is, 11 gold rupees do not come into circulation where 10 gold rupees are enough.

That is, when 'gold money' itself functions as 'means of circulation', neither the quantity of money in circulation increases nor consequently the prices rise. These kinds of problems crop up only due to 'paper money'. Let us now see how it happens.

On the quantity of 'paper money':

Paper money comes into circulation in lieu of gold money so that gold coins are not worn out in circulation.

We have seen earlier itself what function 'money' performs. (In the chapter 'circulation of commodities' in part 1 of volume 1).

One of the functions of money is 'to exchange of commodities'. That is, to move as 'means of circulation'. The only function of paper money is to circulate in lieu of gold coins so that gold coins do not move by themselves.

As soon as people speak of ' paper money', the first and foremost point, which we have to understand, is that it has no 'value of its own'. Paper rupee is simply a 'small piece of paper'. That piece of paper circulates as the representative of 'gold rupee'. Therefore, value of gold

rupee itself is the value of paper rupee too changes. Hence, if value of gold rupee changes, the value of the paper rupee too We have dealt with all these issues earlier.

Here we have to first clear a doubt and then proceed forward.

Gold coins were there in the past in the hands of capitalists and workers, isn't it? How did the change come whereby 'paper rupees' came in the place of gold coins?

Let us suppose that the government (State) wanted to begin 'paper money'. It declares thus: "You get your gold coins and give them to us! We keep them safe without wear and tear. We give paper rupees in return. What are you doing with gold rupees? You are using them for buying commodities, isn't it? You can use in the same way the 'paper rupees' that we give. Others will accept the paper rupees that you give. You too accept the paper rupees that others give. Hereafter you can use paper rupees as money. If you bring to us '1 gold rupee', we keep it under our safe custody and give you in return 1 paper rupee. When you want that 'gold rupee' any time again and if you bring the paper rupee, we will give back the gold rupee. Therefore, keep confidence in the government and bring the gold rupees. Since what you do with them is buy commodities, you do it now with paper rupees", thus says the Government.

Let us suppose that a capitalist handed over 10 gold rupees to the government and took 10 paper rupees. Later he buys 'means of production' with paper rupees only; he gives paper rupees only as 'wages'! The workers give the same paper rupees and buy means of subsistence.

Every capitalist will hand over gold money to the government and take paper money.

Thus the entire gold money goes into the custody of the government and paper money will be released: 1 paper rupee in lieu of 1 gold rupee.

Since the establishment of paper money system, the system whereby government gives gold money in return to paper money has been abolished completely. The person with paper money can buy gold in the market with that money. Thus one can change paper money into gold at any time.

Introduction of 'paper money' into circulation in this way means that there is some gold behind this paper money.

The point to be seen now is about 'the quantity of paper money'.

In the earlier example of 'gold money', we assumed that '1 gram of gold' is '1 gold rupee'. We have also assumed that 'a thousand gold rupees' are required for the circulation needs of one day. Let us assume that there is 'paper money' in place of 'gold money'. That is, there are a thousand paper rupees in lieu of thousand gold rupees. It means that there is 1 paper rupee in place of 1 gold rupee.

Will there be any change in the prices if there is 1 paper rupee in lieu of 1 gold rupee?

Let us see the price of grain.

1 kilo of grain = 1 gram of gold.
= 1 gold rupee.
= 1 paper rupee.

It means that there is 1 gram of gold behind 1 paper rupee in this example. While the example is like this, the price of a kilo grain will be '1 rupee' whether there is 'gold money' or 'paper money'.

However let us say that in this example itself, there are 2 paper rupees instead of 1 paper rupee in lieu of 1 gold rupee without any change in the other conditions. What does this mean? What will happen then?

The changed example will be as follows.

1 kilo of grain = 1 gram of gold.
= 1 gold rupee.
= 2 paper rupees.

Will the grain price change now? Yes, it will change. That price will now be 2 rupees.

Even now, that price will be 1 rupee if we see it in gold rupees only. But gold rupees are not in circulation. Paper rupees alone are in circulation.

In the example where there is only 1 paper rupee in lieu of 1 gold rupee in the past, the price was 1 rupee only. Now, that price is 2 rupees.

When there is 1 paper rupee only in lieu of '1 gold rupee' (1 gram gold); the 1 paper rupee will have the entire value of gold rupee. Instead,

if there are 2 paper rupees in lieu of 1 gold rupee, the 2 paper rupees contain the value of gold rupee.

If there was 1 gram of gold behind 1 paper rupee in the past, there is only half gram gold behind 1 paper rupee now. That is, the value of 1 paper rupee has become half compared to the past. That is, the value of paper rupee has now decreased.

Hence if we sell a kilo of grain now, we get 2 paper rupees instead of 1 paper rupee. Or, if we buy a kilo of grain, we have to give 2 paper rupees instead of 1 paper rupee.

Compared to the past price, this amounts to an increase in the price. Why this has happened so is not due to either an increase in the grain value or decrease in the gold value. Then, why has it happened? Due to an increase in the paper money that stands in lieu of 1 gold rupee. That is, due to a decrease in the value of 1 paper rupee now.

However, if the price of a kilo of grain has now become Rs.2, does it mean that the grain has now got more money. No. The same money, that is same value, has now come in more number of papers.

Getting 2 paper rupees now is identical to getting 1 paper rupee in the past.

Owing to decrease in the value of 1 paper rupee, grain price has increased.

Not only the price of grain but also the prices of all commodities rise.

What will happen if paper money that has to be in lieu of 1 gold rupee increases? That is, what will happen if the value of 1 paper rupee diminishes further?

Thus, if the 'mass of paper rupee' rises without an increase in the mass of commodities, all the prices rise.

Here, we have to once look at gold price also.

When there is 1 paper rupee in lieu of 1 gram of gold, the price of gold will be 1 rupee. Or, when there are 2 paper rupees in lieu of 1 gram of gold, that price will be Rs.2. Now the 2 paper rupees contain the same value that the 1 paper rupee had earlier.

Since the mass of paper money increases without an increase in the commodity value, gold price appears through more number of rupees. That is, gold price rises. Similarly, the prices of other commodities too rise.

Here we will be confronted with some questions. We have to first offer answers.

We have seen that, while there was only 1 paper rupee in lieu of 1 gold rupee in the past, another paper rupee also came into circulation, isn't it? How did the 2nd paper rupee come into circulation? Even if it happened like that, why can't the person with 2-paper rupees keep the 2nd rupee with himself and give only 1 paper rupee in lieu of kilo of grain as in the past? In the case of 'gold money', the buyer of grain, though he has 2 gold rupees with him, gives only one coin and retains one coin, isn't it? Why will it not happen so in the case of paper money also? This is the first question that we will seek an answer later.

The second question is that 'when we speak of price rise', that will happen uniformly in the case of all commodities, isn't it? Though the buyer of commodities buys them at a higher price, he would also sell his commodities at a higher price, isn't it? Then, what is the loss due to 'price rise' except the expenditure connected with the increase in paper notes?

The answer to this question was already known earlier and what we need to do here is to recall it.

So far as capitalists are concerned, there is no loss due to price rise since they exist both as buyers and sellers of commodities.

The entire problem is in the case of 'workers' only since wages do not rise in the same proportion as prices. If wages also rise correspondingly along with the prices, price rise will not be a problem even for workers. It is a problem because it does not happen so.

Now let us come to the first question. To the question, 'why paper money that is in circulation keeps on increasing', the brief answer is 'due to capitalism only'.

Just as there will not be any proper plan in any single aspect, there will not be a proper plan even in regard to the issue of paper money under capitalism. In the entire country, in a given minimum period of time (e.g.,

in 1 day), the amount of money in circulation should be equal only to the value of commodity value in circulation. If we suppose that commodities of a thousand value only circulate, then gold rupees of a thousand value should be in circulation in order to exchange with those commodities. If paper money is in circulation, there should be only thousand paper rupees in circulation in lieu of thousand gold rupees. If it is so, it amounts to the fact that 1 paper rupee is in lieu of 1 gold rupee.

However, if 'mass of social production' and the 'total value to be circulated' keeps growing, we have to increase the 'mass of money' in accordance with that growing value.

The 'state' has to undertake all activities concerning 'money' such as: estimating the 'total value' to be circulated, estimating the money to be increased, printing and releasing of paper money. In order to carry out these activities smoothly, the state should get correct information concerning the commodity values.

But under capitalism, means of production and masses of production are mainly under the control of private capitalists. Therefore, the state does not get the estimation regarding the value of 'social production' with correct calculations. Take any capitalist enterprise, whether it is privately owned or state-run enterprise, the actual calculations are different from those that the state gets.

However there is a question: all the capitalists show only smaller masses than what actually are, isn't it? Accordingly, less amount of money comes into circulation, isn't it? How is more money released into circulation due to the false calculation of the capitalists?

Capitalist do not show smaller mass in each aspect. They show smaller masses in the case of 'profits' only. That is, as if they get very low profits. Wherever they have to show costs, they show them many more masses of costs than actually incurred. In each item, they show false accounts that are favourable to them.

The most important officials in State machinery like Presidents, Governors, Prime Ministers, Ministers and Collectors show all false accounts of income and expenditure concerning their properties.

We will not find disclosure of true accounts either in private enterprise, state enterprise or among individuals.

There will be a specially trained section called 'auditors' to prepare false accounts for the sake of 'propertied' people.

Thus, all the accounts that the State receives are simply false accounts in the context of confusion filled with false accounts inch by inch. The state, however, does not oppose the disclosure of false accounts by the capitalists. The state makes laws so as to facilitate the disclosure of false accounts.

The state will not get a correct estimation as to how the products are increasing in terms of amount of value and how much of the mass of money should it raise for that rising value.

The state also does not get correctly the quantity of money that is available with all the capitalists. Out of that money, some portion constitutes 'unaccounted money' (black money). It circulates in the society only. It keeps buying commodities. But it does not appear in the accounts. When the state raises the 'mass of money' according to its estimation, the black money too adds to it and the mass of money in circulation would become more than actually required.

Another point to be noted is that the main source of state 'revenue' (income) is 'taxes'. But the payment of taxes by capitalists never does take place properly. As a result, there arises a very wide gap between the state revenue and expenditure. Expenditure exceeds revenue and the state budget continues to be deficit every year. Since the state needs some more money to cut the deficit, it follows the path of printing some more paper money.

Though 'imposition of new taxes' reduces the deficit to some extent, here the question of 'new taxes' is a different issue. The fact that 'even new taxes are not paid properly' is also another issue.

If we take the question of 'old taxes', let us say, a capitalist has to pay 8 as taxes. Let us say that he pays only 2 and evades 6. That 6 money will remain with the capitalist. But, 6 diminish in the income of the state. Then the state, let us say, prints 6 paper rupees additionally for its requirements. What will happen then? The mass of paper money increases without an increase in the mass of commodities.

Let us say that the state requires a thousand rupees to build a dam or some other work. Suppose the money which the state collected through

taxes is not enough to undertake that work, then the state printed 'thousand paper rupees' afresh for that purpose and gave that money as a loan' to a capitalist to do that work. It is the responsibility of that capitalist to do the state-assigned work with that money. What will that capitalist do with that 'thousand rupees'? He buys 'means of production' with some money. He gives some money to the workers as 'wages'. Workers will buy means of subsistence with the money of those wages. That is, according to this example, another thousand paper rupees have come into circulation without an increase in the 'mass of products' in the society.

In fact the mass of commodities goes on increasing every year. The 'mass of money' too has to increase accordingly. But, if the mass of money increases only in proportion to an increase in the mass of commodities, a situation does not arise whereby more money comes into circulation.

On such occasions when the state requires more money, especially during such times as 'deficit' budgets and wars, the state prints 'paper money' in large quantity and releases it.

The new money that comes into circulation may come in the form of new 'loans'. It may come out when the government releases money for the purpose of establishing new production enterprises or organisations. But more products do not come out simply because more paper money is printed. What will then happen is that 'mass of money' simply becomes more than the 'mass of commodities'.

Here, another question to which we have to offer an answer is that while there is a 'mass of commodities' of 'thousand value' there are paper rupees of 1500 value. It means that, compared to the commodity value, there are '500 rupees' more. Even then, the capitalists who possess that money can withhold it and use only a thousand paper rupees for that mass of commodities', isn't it? Why should they use the entire 1500?¾This is the question.

Answer: That whole excess money of 500 does not remain with a single capitalist. It is spread over among many capitalists. The capitalists do not know such details as 'how much mass of commodities is there in circulation'.

When some money is accumulated at a capitalist, that fellow buys

'means of production' with that money. That is, buying commodities available in the society. Or, if he deposits it in a 'bank', that money goes into the hands of another capitalist as a 'loan' from that bank as well. Even that 'another capitalist' uses that commodity to 'buy commodities'.

'Depositing' money in a bank does not mean 'withdrawing from the bank'. As the money deposited in the bank too goes to some one or the other as loans, it means that it (money) is also in circulation.

Or, let us say that a capitalist kept some money in his own safe. If that money is 'gold money' (gold coins), they may be melted when there is no need for them and that metal may be used for another purpose. But, if it is 'paper money', it is inevitable to buy some commodities with it later if not now. It is not possible to use it for some other purpose. However long he may keep it in the safe, if he wants to take it out and use it, he will have no other way except to buy commodities. Whenever he takes out that money, the money in circulation will increase.

It means that it is not possible at the level of an individual to take out some money from circulation without keeping more money in circulation. This should happen by means of a system of issuing currency organised by the government.

The following things should happen: correct estimating of annual growth of 'mass of commodities'; estimating the change in the 'gold value'; releasing 'paper money' in accordance with the changes and not releasing more money. It means, such things must happen which are impossible under capitalism.

Naturally, this does not happen. What happens inevitably is that paper money is printed in large quantity and handed over to the capitalists under various kinds of loans.

(Under the section on 'central bank' in part 1 of volume 3, we will discuss the question, namely, 'how does paper money in circulation keep increasing?')

When we speak of a 'rupee' how much gold should we keep as one 'rupee'? There is no rule for this. We may keep '10 grams of gold' as one 'rupee' or '1 gram' of gold as one 'rupee' or '½ gram' gold as rupee.

Let us say that a given government fixed 1 tola (10 grams) of gold

as one rupee. Let us suppose that, in the initial days of 'paper money', the government released paper money in such a way that there was '1 paper rupee' in lieu of '1 gold rupee'. Then, 1 paper rupee will have the value of 1 tola of gold.

1 tola of gold = 1 gold rupee.

1 tola of gold = 1 paper rupee.

It means that the price of 1 tola of gold=1 paper rupee.

We can buy 1 tola of gold with '1 paper rupee'. Or, we can get 1 paper rupee if we sell 1 tola of gold. With that rupee, we can buy any other commodity that possesses the value of 1 tola of gold.

What does it mean if the price of 1 tola of gold, while it was 1 paper rupee at one time, becomes 10 paper rupees after some time? It means that there are 10 paper rupees in circulation now in lieu of 1 tola of gold. That is, the value of 1 paper rupee now is only 1/10 compared to the past.

The mass of commodities also increases during that period. The mass of money too has to grow accordingly. If 'mass of money' too grew in the same manner (as mass of commodities did), 1 paper rupee alone would have stood in lieu of 1 tola of gold even now and 1 paper rupee would have been the price of 1 tola of gold even now. But the growth of mass of money did not take place like this. Instead of growing as much as required, the mass of money grew in such a manner that there are 10 paper rupees in lieu of 1 tola of gold.

There was 1 tola of gold behind 1 paper rupee in the past, isn't it? How much gold is there behind 1 paper rupee now? There is only 1/10 of gold behind 1 paper rupee. Now, the value of 1 paper rupee has diminished.

What if the 'mass of paper money' has to increase as much as necessary? Here what is the meaning of the expression 'as much as necessary'? It means that the value of paper rupee should not be less than before. The mass of money should grow only in this manner. But in a society where there is no proper planning concerning money, it will not happen like this. This mass of money keeps growing.

What does it mean if the price of 1 tola gold, while it was 10 rupees, becomes 100 rupees after some years? It means that there are 100 paper rupees in circulation in lieu of 1 tola of gold. Now, if we compare the

value of 1 paper rupee with the very first example, 1 rupee will have 1/ 100th value only.

What does it mean if the price of 1 tola of gold becomes 2 thousand after some years again? It means that now there are '2 thousand paper rupees' in lieu of 1 tola of gold. If we divide the value of 1 rupee in the very first example into 2 thousand parts, 1 rupee now contains the value of only one part of the 2 thousand parts.

Let us see these examples briefly as follows:

1) The price of 1 tola of gold = 1 paper rupee.
   Here, 1 rupee is in lieu of 1 tola of gold.
   Hence, the value of 1 tola gold itself is the value of 1 rupee only.

2) The value of 1 tola of gold = 10 paper rupees.
   Here, 1 rupee is in lieu of 1/10th of 1 tola.
   Hence, the value of 1/10 of the 1 tola itself
   is the value of 1 rupee.

3) The value of 1 tola of gold = 100 paper rupees.
   Here, there is 1 rupee in lieu of 100th part of 1 tola.
   Hence, the value of 1/100th part of 1 tola itself
   is the value of 1 rupee.

4) The price of 1 tola of gold = 2,000 paper rupees.
   Here, there is 1 rupee in lieu of 2000th part of 1 tola.
   Hence, the value of 1/2000 part of 1 tola itself
   is the value of 1 rupee.

Thus, the value of a rupee depends on 'how much gold does 1 paper rupee represent'?

If we fix that 'so much gold is behind 1 paper rupee', this situation will not remain stable like that forever.

Under capitalism, the 'mass of paper money' increases year after year and hence the value of 1-paper rupee decreases and the commodity prices increase.

Entry of more paper money into circulation takes place mainly in 3 ways.

1) Owing to the rise of mass of commodities, the 'mass of value to

be circulated' increases than before'. Then, the mass of money too has to grow whether that money is gold money or paper money. But, if mass of money grows in this context, it will not be 'excess money'. It will be 'as much money as needed'.

2) We have seen earlier that if gold value decreases the prices of other commodities increase. Since 2 rupees have to go in place of 1 rupee if gold value decreases to half, the mass of money has to increase twice.

Let us say,

1 tola of gold = 1 gold rupee = 1 paper rupee.

Suppose that there should be 100 rupees in the society as a whole for the exchanges of commodities that are necessary in a day. (There should be 100 rupees, whether they are gold rupees or paper rupees).

Let us say that there paper money in circulation in this example. Suppose that there is 1 tola of gold in the bank and there are 100 paper rupees in circulation in lieu of that gold. While this is so, gold value decreased to half. Now, value of 1 rupee becomes half, compared to the past. All the values of other commodities will remain as ever. Even now, money with '100 value' is required to exchange with those commodities. That is, now, 200 rupees, not 100 rupees are required (whether it is gold money or paper money, 200 is required). If gold money itself is in circulation, another 100 rupees made of 10 tolas of gold have to come into circulation afresh. Or, let us say, paper money alone is in circulation. It means that there is 10 tolas of gold in the bank and 100 paper rupees are there in circulation in lieu of the gold. As this money has to become double, another 10 tolas of gold has to go to the bank and another 100 paper rupees have to come into circulation. Then, it amounts to the fact that 1 paper rupee is in circulation in lieu of 1 tola of gold.

However, let us say, the government thought that it is useless to keep 20 tolas of gold in the bank and hence made a new Act. According to the Act, it is enough if the gold reserve represents half the value of paper money in circulation. It is possible to release 100% paper money with 50% gold backing. Yet, we have to assume that there is 1 tola of gold behind each rupee. That is, even now the value of 1 paper rupee is the value of 1 tola of value This is how the Act declares. In this example, though 200 paper rupees came into circulation, it does not mean that

'more money' has come into circulation. Just as there was 1 paper rupee in lieu of 1 tola of gold, even now paper rupee stands in the same manner. Now, the value of rupee has fallen and the mass of rupees rose due to the fall in the gold value. Hence, this is not more money; it is as much money as necessary.

3) Even without any connection with the first 2 causes that we have so far seen, there will be a situation whereby mass of paper money rises. This is the actual problem of mass of money. This problem arises due to lack of proper understanding and plan with regard to 'mass of commodities', their value and release of money.

What we have seen so far with regard to the 'quantity of money' is that it is not necessary to observe any conditions concerning the question, 'how much money should be there in circulation if there is gold money as means of circulation?' Even if there are no conditions, not even a single coin of 1 gold money enters additionally into circulation. Prices will not rise due to that reason.

But, if 'paper money' is functioning as 'means of circulation, we have to observe many conditions concerning its quantity. It is not possible for capitalism to observe them. Therefore, all the conditions that are observed incompletely and unsystematically will become ineffective and 'mass of paper money' will inevitably keep on increasing. As a consequence of it, prices keep rising.

So far, we have seen what the causes are for the rising of prices.

Capitalists will show enthusiasm to sell their commodities at higher prices as far as possible. But, they don't show a simultaneous enthusiasm to raise immediately the wages of their workers.

While prices keep rising, all the capitalists do not call and say to their workers thus, 'All the prices of the commodities that you have to buy are rising. Therefore, we will raise your wages too, come on!' They keep quiet as if they are not at all aware of the price rise.

Workers themselves have to ask for wage rise.

They do not raise wages even if workers ask for it.

Workers stop working.

Even then, they do not raise wages.

Work ceases and days pass on and on. The masters let days pass on like that for some time and then say, "okay, we are raising wages".

But if we look at those rising wages, they will not at all be equal to the rise of prices of commodities that workers have to buy. That is, compared to the past, it amounts to fall in wages.

Workers satisfy themselves unsatisfactorily. They get down to work again.

Thus, there is a necessary connection between the value of money and the mass of money on the one hand and prices and wages on the other.

21. 'Monies' of different countries

Let us now see monies of different countries. 'Monies' of all countries do not have the same name just as people of all countries do not have the same names. 'Names' depend on 'languages'. Therefore, monies of different countries that have different languages will have different names. If the money-unit of one country has the name of 'rupee', the money-unit of the second country will have the name 'dollar', the money-unit of the third country will have the name 'pound' and so on. Thus the money unit of each country will have one name each.

Suppose, 'gold money' alone is in circulation in all the countries. Those different units of gold will not only have different 'names' but their 'weights' too will be different. 'Money-units of all countries will not be of the same weight. If the money unit of one country is made of '1 gram gold', the unit of another country is made of '2 grams of gold', the unit of the third country may be made of '1½ gram of gold'. Thus, gold of a given weight in a given country will stand as the money unit of that country.

Sales and purchases of commodities take place among different countries. That is exports and imports.

'Among different countries' means 'among the capitalists of different countries' and 'among the state-run enterprises'.

Sales and purchases do not take place among workers of different countries.

Workers buy commodities of foreign countries also if they are available in their own country, just as they buy commodities of the capitalists of their own country.

Commodities of a given country are being sold not only in that country but in other countries as well.

The rupee country sells to and purchases commodities from the 'dollar country', pound country and other countries.

'Dollar country' from the rupee country, pound country and other countries.

Pound country from rupee country and 'dollar country'.

Thus, every country sells and purchases from any other country.

The commodity prices of every country are calculated in terms of money units of that country. That is, all the prices of rupee country are calculated in terms of rupees and of dollar countries in dollars and so on.

Every country has to calculate the money that it gets from exports and the money that it sends towards imports.

Let us suppose that a rupee country sold commodities of a value of 12 rupees and bought commodities of a value of 2 dollars. To finalise the accounts as to who should give to whom and how much, the questions that should be settled are: what is the rupee value? What is the dollar value? What is the connection between the two?

Suppose there is 'gold money' in both the countries.

Suppose,

A rupee is made of '1 gram of gold', and

A dollar is made of '4 grams of gold'.

What is the relation between a rupee and a dollar?

That is, how many rupees constitute 1 dollar?

Or, how many dollars constitute 1 rupee?

Rupee = 1 gram of gold.

Dollar = 4 grams of gold.

Hence,

4 rupees = 1 dollar.

(4 grams of gold = 4 grams of gold.

That is, 4 rupees are equal to 1 dollar).

1 rupee = ¼th dollar.

(1 gram of gold = 1 gram of gold.

That is, 1 rupee is equal to ¼th dollar).

The rupee country sold commodities worth 12 rupees to the 'dollar country'. If we see that value in terms of dollars, it is 3 dollars.

The rupee country bought commodities of 2 dollars from the 'dollar country'. If we see them in rupees, it is 8 rupees.

If both the countries look into accounts, the rupee country has to get finally 4 rupees (or, 1 dollar).

The fact that '4 rupees = 1 dollar' is a 'value' relation between the rupee and the dollar. Or, 'exchange' relation. Or, 'exchange rate'. This relationship forms based on these values of money units, that is, on the basis of those gold weights.

Just as rupee and dollar has a value relationship,

Rupee and dollar,

Rupee and pound,

Dollar and pound, and

Monies of all countries too have value relationships.

Suppose, 1 pound is equal to 2 grams of gold.

Then, 2 rupees = 1 pound

(2 grams of gold = 2 grams of gold)

1 rupee = ½ pound

(1 gram of gold = 1 gram of gold).

1 dollar = 2 pounds

(4 grams of gold = 4 grams of gold).

Thus, units of money of all countries in the world have exchange proportions based on the weights of their gold.

When we speak of 'gold', will it (gold) have the 'same value' in all the countries? We have to see this question here first.

'Gold' is also like other products. Labour necessary for its production itself is value. However, labour necessary for the production of 1 gram of gold will not be identical in all the countries. It is because, the productivity in the gold branch is not uniform in all the countries. Gold mines may be many at one place and fewer at another place. Even the substance found in the mines may be adequate at one place and very less at another. If instruments of labour and labour methods are improved at one place that may not be so at another place. Thus, the labour time necessary for 1 gram of gold may vary slightly in different countries. That is, gold in every country will be made of a given 'individual value'.

However, whatever be the production, it has to stand in the market with the 'same value'.

It is the same case with gold also. Gold will stand with the 'same value' in the 'world market' concerning all countries. That is the 'average value' formed out of individual values of different countries.

If the capitalists can produce gold at a cost somewhat lower than the 'average cost price', they would get somewhat higher profit and if they produce at a cost somewhat higher than the 'average', they get somewhat lower profit. Same thing happens in the case of gold just as in the case of other commodities.

As there will be slight variations locally in the gold value, there will be certain restrictions in each country on exporting gold from one country to another. It is possible to retain more profits from the sale of gold if one can violate legal restrictions, evade taxes and smuggle gold from a country where it has more value. That is why, smuggling of gold takes place.

Though gold has different individual values in different countries, those differences are irrelevant where we see the relationships between the money units of different countries. Here gold will have the same value.

What does it mean if we see the relationship between gold rupee and gold dollar? What is that aspect, whose relationship are we seeing?

It is gold alone that stands as a rupee,
It is gold alone that stands as a dollar.

To see the relationship between this gold and that gold means that we see the relationship of 'weights' between the 'rupee coin' and 'dollar coin'. It itself stands as a value relationship.

A gram of gold of one country is equal to a gram of gold of another country.

A rupee coin of 4 grams weight is equal to '1 dollar coin of 4 grams weight'.

Thus, since it is gold alone that is at both the sides, the exchange relationship between those gold coins is possible through the equality in their 'weights'.

We have seen that gold of all countries will have the same value in the 'world market'. Will the 'exchange proportions' of different money units change if that value increases and decreases?

While 4 rupees=1 dollar, will this 'exchange rate' change if the gold value decreases? It will not at all change since change in the gold value applies to both the sides. If the value of gold that is in the shape of a rupee coin decreases by 10%, the same thing happens to the gold, which is in the form of a dollar coin. If there is a decrease in the value of both sides by 10%, even then that exchange relationship will continue to be '4 rupees=1 dollar'.

It is the same even if gold value increases. It is because that such a change applies to both sides uniformly.

Now, concerning the quantity of gold money:
Suppose there is gold money in both the countries.

We have already seen before that 'gold coins' do not enter into circulation beyond requirement. But let us suppose that there are excess (more than the need) rupee coins with capitalists of the rupee country and there are excess dollars with the capitalists of the 'dollar country'. Even though they are like that, we will not get more rupees in lieu of 1 dollar or more dollars in lieu of 1 rupee. Even then, 1 dollar = 4 rupees.

That is, if there is gold money in all the countries, neither 'exchange rates' keep changing nor 'more money' keeps coming into circulation.

But, the whole situation will be different when there is 'paper money' in all the countries.

About the quantity of paper money:

We have seen that paper money does not have a value of its own.

The value of paper rupees depends on the fact as to 'how much gold is there behind 1 paper rupee'

Similarly, the value of paper dollar depends on the fact as to 'how much gold there is behind 1 paper dollar?

Similarly, the value of 'paper pound' too depends on the fact as to 'how much gold there is behind 1 paper pound.

In any country, value for 1 paper note forms depending on the gold that backs it.

In our example, the money units of 3 countries are, let us say, as follows.

1 gram of gold = 1 gold rupee = 1 paper rupee.

2 grams of gold = 1 gold pound = 1 paper pound.

4 grams of gold = 1 gold dollar = 1 paper dollar.

According to this example, in these 3 countries there is '1 paper unit' in lieu of '1 gold unit'. When there is only '1 paper unit' in lieu of '1 gold unit' in every country, exchange rates between the paper units will be same as those between gold units. That is,

1 gold dollar = 4 gold rupees.

1 paper dollar = 4 paper rupees.

1 paper dollar = 2 paper pounds.

1 paper pound = 2 paper rupees and so on.

Similarly, let us suppose that there are 2 paper dollars instead of 1 paper dollar in lieu of 1 gold dollar and none of the other things have changed. Then, how will be the 'exchange rate' between a dollar and a rupee?

Since the number of 'paper rupees' have not changed, now '1 paper rupee' will be equal to '1 gold rupee'. That is, equal to '1 gram gold'.

But, as the number of 'paper dollars' has become double, gold behind 1 paper dollar will fall to its half. That is, now it will become 2 grams only.

Now, 1 paper dollar = 2 paper rupees.
(2 grams gold = 2 grams gold).

Increase of 'paper money' does not take place in one country alone. It takes place in all the countries. However, if the increase in paper money takes place at the same level (same rate), then the decrease in the value of paper money will take place uniformly at all places. Then, a change in the previous 'exchange rate' will not be there. It can remain as before.

But, increase in 'paper money' does not take place at a uniform rate in all the countries. In other words, decrease in the value of '1 money unit' does not take place uniformly in all the countries. If we take a specified period of time, decrease in the paper dollar value takes place at one rate while the decrease in the value of '1 paper rupee' in the same period takes at another rate. Owing to these conditions, there occurs a change in the 'exchange rate' of those money units.

An example: In a given year, the exchange rate between a dollar and a rupee is '1 dollar=4 rupees'. After some years, the paper money in both the countries has increased 'beyond requirement'. Now, the value of '1 paper dollar' has gone down by 50%, compared to the past. The value of 1 paper rupee has gone down by 75%, compared to the past. Now, what can be the new exchange rate?

Previously, 1 paper dollar=4 grams of gold.
A decrease of 50% in that value means,
Now, 1 paper rupee=¼ grams gold.

Now, the new exchange rate:
1 paper dollar = 8 paper rupees,
(2 grams of gold = 2 grams of gold).

If mass of paper money increases and the values of money units keep decreasing at both the places, the new exchange rate depends on the new values only.

To the question, 'How does the exchange rate form among different money units', we may offer an answer in other words thus, 'Exchange rate forms on the basis of the purchasing power of the money units'.

Price of 1 bag of grain in the 'rupee country' is 12 rupees.
Price of 1 bag of grain in the 'dollar country' is 3 dollars.

It means, with 12 dollars we can buy a commodity, which is bought with 12 rupees.

Therefore, 12 rupees = 3 dollars.
4 rupees = 1 dollar.

That is, the 'purchasing power of 4 rupees' is equal to the 'purchasing power of 1 dollar'. Hence, 4 rupees = 1 dollar.

How does this purchasing power form for either this paper rupee or paper dollar? What is the basis? On the basis of quantities of gold that back those money units. It is not possible for 'paper money' to acquire a definite value or definite purchasing power without the 'support' called 'gold'.

Hence, when we speak of 'exchange rate', whatever terms we may use, it has to form on the basis of the quantitative equality of gold that backs those money-units.

What should happen if 'exchange rate' between the paper money units of 2 countries, should never change? The previous value should be stable without a decrease in the value of money units of the 2 countries. If the value of both 'paper rupee' and 'paper dollar' does not change, their 'exchange rate' too does not change. But as the 'mass of paper money keeps growing in both the countries, value of the 'paper units' keeps decreasing. This decrease is not uniform at both the places. Hence, 'exchange rate' too does not remain unchanged.

We have seen that the exchange rate that was previously '1 dollar=4 rupees' has later changed as '1 dollar=8 rupees'. Does it mean that more value is going away from the rupee country to 'dollar country'? No. There is no change in essence between the previous rate and this changed rate.

In the previous rate, values at both the sides were equal.
Even now, values at both the sides are equal.

Whatever way a given exchange rate may change, that rate applies uniformly to both the countries. A country should follow that rate both while buying as well as selling. Similarly, the second country too has to follow that rate while buying as well as selling. Hence, whatever way the 'exchange rate' may change, a given country will not have any specific advantage. It does not amount to outflow of more value than before from a given country.

However, such calculations as to 'what is the rate at which mass of money in a given country increased over a period of time', 'what is the rate at which the value of money unit of a given country decreased' are not found in real life as precisely as we took them in this example. All calculations found in reality are 'approximate' estimates only.

Whenever sales and purchases take place among different countries, every country has to make payments to the other country in 'gold' only. But, gold is neither given nor taken immediately after each and every exchange. Accounts are settled periodically (e.g., yearly once) in terms of receipts connected with exports and payments connected with imports and have to pay gold for the sake of balance only. If gold is not given, that balance remains as loan and interest has to be paid.

Let us take a 'rupee country' and a 'dollar country'. Exports and imports take place between those 2 countries.

Exports of one country are the imports of another country.

Imports of one country are the exports of another country.

Suppose exports have taken place from the rupee country. The capitalist who sold those commodities should get rupees. But, the capitalist of the 'dollar country' who purchased those commodities can give dollars; but how can he give rupees? We will see later as to how.

Suppose imports have taken place into the rupee country from the 'dollar country'. The capitalist of the 'dollar country' who sold those commodities should get dollars only. But, the capitalist of the rupee country who bought those commodities can give only rupees. But how can he give dollars? The rupee fellow can give dollars just as the dollar fellow can give rupees.

If exports and imports are 'equal', the problem of 'money exchanges' of different countries will exist simply as a 'technical problem' of settlement of accounts.

If we take a period of one year and if the total exports and total imports coincide, accounts will cancel each other in such a way that finally the end no one would need to give money to any one.

But, since a given export or import exists as a transaction concerning individual capitalists, payments of money among those capitalists have

to take place quickly. We have to see how those isolated payments take place.

These may take place in various ways. Whatever be the way, essence is the same.

Let us see these exchanges through some examples.

A exported a commodity of 100-rupee value to B from the rupee country. Further, he imported from B a commodity with a value of 25 dollars.

The exchange rate of 'rupee-dollar':

4 rupees = 1 dollar.
100 rupees = 25 dollars.

It means that A purchased the commodity of 25 dollars by selling a commodity of 100 rupees. Both are equal. The same person called A exported from and imported into the rupee country.

B sold a commodity of 25 dollars and purchased a commodity of 100 rupees. Both are equal. The same person called B exported from and imported into the 'dollar country'.

If A and B look into their transactions, their accounts will be equal. None has to pay anything to the other.

But, in the trade between 2 countries all occasions will not be like this.

On all occasions, the same individual in a country will not be both a seller and a buyer. They will be different individuals.

Moreover, if we take a specified period of time (for example, one year), the total of exports and the total of imports will not be equal. They may be different to some extent. In that case, one country has to pay some money to the other country. Thus, there arises a problem of payment between the countries.

Now, let us take an example of 4 capitalists namely A, B, C and D instead of only 2 capitalists namely A and B, between the 2 countries.

In this example, let us take an export (this is one commodity) from the rupee country to the 'dollar country' and an import (this is another commodity) from the 'dollar country' to rupee country.

About the 1st commodity:

Exporter of rupee-country is A.

Importer of dollar-country is B.

Value of this export from rupee country is 100 rupees.

As this is a commodity from the rupee country, the foreign individual who purchased this has to pay 'rupees' only.

That is, B has to pay 100 rupees to A. For this purpose, B needs foreign money.

For the dollar-country, rupees are — foreign money.

For the rupee-country, dollars are — foreign money.

B of the dollar country will have only dollars but not rupees. How can this B pay rupees?

About the 2nd commodity:

The importer of the rupee country is C.

The exporter of the dollar country is D.

The value of this import of rupee country is 25 dollars.

C has to pay 25 dollars to D. But, C of the rupee country will have only rupees, not dollars. How can this C pay dollars?

Let us start with the importer of the rupee country. This importer C has to send 25 dollars to the exporter D.

C can do this job in 3 ways.

(1) C can send one 100 rupees to D and tell him thus, 'You, yourself convert these rupees into dollars'. If C does so, how and where will D convert these 100 rupees into more dollars.

(2) C himself can convert one 100 rupees and send them to D. Where will C convert 100 rupees into dollars?

(3) C can give one 100 rupees in the bank of the rupee country and say thus, "In lieu of these rupees, send 25 dollars to a particular person called D in the 'dollar country'". Thus, C can entrust that job to a bank. (It is needless to say that C has to pay some charge to the bank to do this job). From where does that bank get dollars to send 25 dollars to D?

We have seen 3 ways of sending 25 dollars from C to D. Whatever be the way we send it, we have to convert 100 rupees into 25 dollars. How would this happen?

In this example, let us say, C, entrusting this job to the rupee country bank, remitted 100 rupees (also bank charges).

Now, let us see the importer of 'dollar country'. The importer B of the rupee country has to send 100 rupees to A.

B can do this job in 3 ways.

(1) B can send 25 dollars to A and say thus, 'You yourself convert these dollars into rupees'.

(2) B himself can convert 25 dollars into money and send to A.

(3) B remits 25 dollars in the 'dollar country' bank and entrusts the job to the bank and says thus, 'send 100 rupees to a particular person called A in the rupee country'.

Through whoever it may happen, 25 dollars have to convert into 100 rupees and have to go to A from B.

Let us say that B, entrusting this job to a 'dollar country' bank, remitted 25 dollars (along with the charges) to that bank. 100 rupees, which C the importer of the rupee country paid, are in the rupee country. In lieu of those rupees, D has to get 25 dollars.

Similarly, 25 dollars that the importer of 'dollar country' paid are in the 'dollar country' bank. A should get 100 rupees in lieu of them.

Now, what will happen? A may get in the rupee country itself 100 rupees that C remitted in the rupee country bank.

Similarly, D may get in the 'dollar country' itself the 25 dollars that B paid in the 'dollar country' bank.

Problems will be solved on both the sides.

However, in these payments, the money, which the rupee country exporter A received is not what the B of the 'dollar country' gave. It is what rupee country importer C gave.

Similarly, the money that the 'dollar country' exporter D got is not what the C of rupee country gave. It is what the 'dollar country' importer B gave.

What is the summary of these payments?

Though the rupee country exporter paid only rupees, dollars country exporter got only dollars in lieu of rupees. Similarly, though the 'dollar country' importer paid only dollars, the rupee country exporter gets rupees only.

That is, the importers of both the countries paid their own native money only. The exporters of both the countries got native money only.

Payments at both the places are settled. The banks in both the countries settle their accounts in such a way that these payments take place in this manner. (In this transaction, banks of the 2 countries take charges).

However, we have to clarify one point. That is, whenever a country exports its commodities, it should get foreign money and foreign money should leave it whenever it imports. Did the same thing happen to both the countries in our example of A, B, C and D? We have to now see this issue.

If we see the example of A, B, C and D in a further detailed manner, we can see both inflow and outflow of foreign money between the 2 countries. Now, let us see that example again.

When the rupee country exports:

Exporter is A. Importer is B.

Export value is 100 rupees.

B has to send 100 rupee to A. But, let us say, B sent 25 dollars and said thus, 'You yourself convert these dollars into rupees'. If A gets dollars, it means that 'foreign money' came due to the export of A. A has to give those 25 dollars in the bank and in lieu of it should take 100 rupees. But, from where does the bank get 100 rupees?

Now, we have to combine the import of the rupee country to this point and see.

When rupee country imported:

Importer is C. Exporter is D.

Value of the import is 25 dollars.

C has to send 25 dollars to D. But, let us say, C sends 100 rupees

and say thus, 'You yourself convert these rupees into dollars'. If D gets rupees, it means that 'foreign money' has come. D has to give those 100 rupees to the bank and take 25 dollars in lieu of those rupees. But, from where does that bank get those 25 dollars for D? Now, we have to combine the import of the 'dollar country' with this and then see the matter. That is, we combine the import that B has made. We have seen this earlier.

Rupee country got 25 dollars of foreign money due to the export by A. That money is in the bank of the rupee country. That bank has to give 100 rupees to A.

Owing to export to the 'dollar country' by D, that country got foreign money of 100 rupees. That money is in the dollar bank. That bank has to give 25 dollars to D.

The problem will be solved if 25 dollars are transferred to the rupee bank and 100 rupees are transferred to the dollar bank. This is what exactly happens.

25 dollars leave the rupee bank and in return 100 rupees come. Outflow of dollars means outflow of foreign money. This bank gives away to A 100 rupees that it received. From where did these rupees come? These are those rupees, which the rupee country importer C sent to his exporter D. They reach A.

Likewise, on the other hand, 100 rupees leave the dollar bank and 25 dollars come. Outflow of rupees from this bank means outflow of foreign money. This bank gives away to D the 25 dollars that it received. From where did these dollars come? These are those dollars, which the 'dollar country' importer B sent to his exporter A. These will reach D.

If we see from the side of the rupee country:

Owing to the export by A from this country, foreign money has come.

Owing to the import by C into this country, foreign money has gone.

If we see from the side of 'dollar country':

Owing to the export by D from this country, foreign money has come.

Owing to the import by B into this country, foreign money has left.

Thus, if we consider one export and one import between 2 countries, we can see an inflow of foreign money due to an export and outflow of it due to import.

In the example so far considered, we have seen that exporters alone converted the foreign money that they received into native money. But, this may happen in other ways as well. The importers either themselves convert their money or entrust that job to some bank or get it done in any other manner. In whatever manner we look at it, essence of the matter is the same. Exchange has to take place between the money of this country and that country. It is because, the money that an importer has to pay to the exporter should be in the form of money of the exporter's country. That money will not be there with the importer. Hence, money of the importer has to convert into the money of the exporter in some stage. Finally, the exporter of the rupee country should get rupees and the exporter of the 'dollar country' should get dollars. In whatever way we may look at the issue, inflow and outflow appears in the case of both the countries.

In the example of A, B, C and D, we have simply seen one export and one import between 2 countries. But, many exports and imports among the countries take place daily.

These sales and purchases take place in various kinds of relations such as: between the state enterprises and the private capitalists of the 2 countries; between the state enterprises of one country and the private capitalists of another country and so on.

Sometimes, exporters themselves may act as importers. Or, exporters and importers may be different.

In our example, we have taken export value and import value in equal proportions. But, equality between the exports and imports between 2 countries seldom exists. In our example, we have taken one export and one import each from the rupee country. (The same applies to the 'dollar country' as well). But, what will happen in the case of money payment if import does not take place and export alone takes place from the rupee country? 25 dollars come into the hands of A since export took place. But, there will be no way of converting them into rupees since the rupee bank has to take those dollars to the 'dollar country' and take from the other side 100 rupees and give the same to A. But, when export does not

take place at all from the rupee country, outflow of rupees from the rupee country to the 'dollar country' will also not take place. When there are no rupees in the 'dollar country' there is scope for the rupee country to convert dollars in its hand into rupees. Hence, A will not get rupees just because the rupee country exporter A gives his dollars in the rupee bank. Dollars of A convert into rupees only if import also takes place along with the export from the rupee country.

Similarly, what will happen if import alone takes place and export does not take place from the rupee country? Same thing that we have seen earlier happens now in another form. The rupee country exporter C sends 100 rupees to D of the 'dollar country'. But, D cannot convert those rupees into dollars because there will not be dollars in the rupee bank since export has not taken place from the rupee country. Rupees in the hands of D will not convert into dollars.

Thus, payments of money do not take place smoothly when imports without exports or exports without imports alone take place; or when those two are not equal.

(1) What does 'exchange of currencies' mean?

If the rupee country exporter A gives 25 dollars, which he got from his exports, to the rupee country bank and receives native money in return to the foreign money, it means 'selling' dollars and 'buying' rupees. The currency exchange is nothing but conversion of money of one country into the money of another country. The bank that does this job gets 'commission'.

The fact whether currency exchanges take place through State (government) banks alone or through private capitalists depends on the regulations that a country has formulated. Those regulations may be of various kinds such as 'exporters have to hand over the foreign currency wholly or partially to the government' and so on. Under capitalism, these currency exchanges take place not only through the State Banks but also through private banks and through private individuals.

The rupee country exporter A can convert his dollars into rupees at a private capitalist without giving them to the State Bank. Then, the private capitalist gets the commission that comes through that exchange.

In every country, there will be private capitalists who do 'trade' in the currency exchanges. Whether these exchanges take place through the State Bank or private individuals, essence of the matter is the same. The essence of the matter is giving foreign money by taking native money from those who need foreign money, giving native money by taking foreign money from those who need native money. In this trade, different currencies themselves are 'commodities'.

If exports and imports between the 2 countries are equal, 'money exchanges' are simply technical things that take place through banks.

If exports and imports are equal, both the countries will get 'foreign money' without problem.

But, if exports and imports are not equal, 'money exchanges' will become difficult problems, instead of being simply technical aspects.

Let us suppose that a rupee country sold commodities of 100 rupees to the 'dollar country' and purchased commodities of 50 dollars from that country. Exchange rate is '1 dollar=4 rupees'. If we see at this rate, when the rupee country sells commodities of 25 dollars (100 rupees) to the 'dollar country', it means that it purchased commodities of 50 dollars (200 rupees) from that country. It means that the rupee country has fewer exports and more imports from the 'dollar country'. If they settle the accounts at the year ending, 25 out of 50 dollars will be cleared. Besides that, the rupee country has to pay 25 more dollars. That is, those capitalists who imported these 25 dollars have to pay. What they do is that they pay rupees to the rupee bank and ask for dollars. Then the bank says thus, 'At the moment we do not have dollars'.

Now, the rupee country needs 25 dollars. That is, 'foreign money' is needed. This is not an issue connected with a single individual capitalist. It is connected with the entire country. That is, there is a 'scarcity of dollars' in the rupee country at present.

If the 'dollar country' now agrees to import some more commodities of 100 rupees from the rupee country, there will be no scarcity of those dollars for the rupee country.

But, let us say the 'dollar country' does not agree to import further from the rupee country and also asks to pay immediately the 25 dollars that are due to it.

When such a situation arises, what should the rupee country do? How should it pay those dollars?

It should give gold in lieu of dollars.

'Gold' is the world money. Any country will take it.

The rupee country should give '25×4=100 grams of gold' at the rate of '1 dollar=4 grams of gold'.

The capitalists, who have to pay 25 dollars, give 100 rupees to the State Bank. The bank does not have dollars with it. Hence, what it does is, it takes out 100 grams from the gold in the reserve meant for payment whenever needed in the foreign trade and pays it to the 'dollar country'. Then the 'dollar country' bank takes that gold and gives away in return 25 dollars to the exporters of the 'dollar country'.

But, suppose there is not that much gold in the 'State Bank'. Then what should the rupee country do? It may buy 100 grams of gold from any other country and pay it to the 'dollar country'. What should it give to that country from which it wants to buy gold? It should give some of its products of equivalent value. Which means, it has to export its own products to that country. But, what should it do if that country does not buy those products? Then, the rupee country has to stop all its attempts to secure gold and make attempts to secure 'dollars'. It can catch hold of that country in whose account there are many dollars and borrow a loan of '25 dollars' and give them away to the 'dollar country'. Or, it can enter into this kind of 'loan' agreement with the 'dollar country' itself. It has to pay interest on that loan. Whatever the rupee country may do at the moment, how should it clear that 'debt' at the end? Even after some period of time, it has to clear it only by increasing its exports.

Suppose the rupee country has to buy those 25 dollars from other country. What should it give in return in order to buy? It has to give its own commodities.

As there is 'scarcity for dollars' in the rupee country, another country that sells dollars will increase the 'dollar' rate. That is, now, it has to buy 1 dollar for more than 4 rupees while '1 dollar=4 rupees' until then. Suppose the rupee country bought 25 dollars at the rate of 5 rupees per dollar and sent them to the 'dollar country'. It implies that the rupee value has fallen.

Why has such a situation arisen?

Because demand for dollars has risen in the rupee country.

Why has such a situation arisen whereby a demand for dollars increases?

Because, there are more imports than the exports by the rupee country to the 'dollar country'.

That is, if the exchange rate between 'rupee and dollar' has to be stable, the exports and imports between these countries have to be equal! If they became unequal, demand for foreign money increases in the country with fewer exports and the 'exchange rate' changes in such a way that the money value of that country falls.

When there arises a demand for native money or when there arises a demand for foreign money, such a situation leads to trade in foreign currency.

We have seen one export and one import only in our example. But in reality and in every country, there will be hundreds and thousands of exports and imports.

Agreements between exporters and importers will also be of various kinds.

If exporters invest a condition thus, 'You have to pay in our native money only', then the importers are obliged to buy foreign money in their own country and send it outside.

Or, if the importers themselves invest a condition thus, 'I will pay my own native money; you yourself have to convert it into your money', then the exporter has to do the job of exchanging money.

It may happen in any manner depending on the agreement. In whatever way it may happen, the essence at the end will be the same.

In every country, buying foreign money by selling native money and buying native money by foreign money goes on every day.

We have already seen the fact that whether the State Bank conducts the whole transaction of 'money exchange' or whether private trade in currency would also be there depends on the State regulation of a given country.

"Every exporter has to hand over to the State the foreign money which he has under his possession and take the native money in return" if there is such a regulation in the country, then there will not be a private trade in currency at all. Then, our exporter will hand over to the State the 25 dollars, which he has under his possession and takes 100 rupees.

But, let us say there is a regulation that "it is enough if exporters hand over to the State half of the foreign money". Then our exporter can exchange half of the dollars in his possession with a State Bank and another half with a private capitalist.

That is, under these circumstances, foreign money will be available both at the state as well the private currency traders.

Suppose there is a 'scarcity of dollars' at this juncture in the rupee country. Importers will not get required number of dollars if they want to buy from the State Bank. Then, the importers will have to buy only some dollars from the government at the government rate and buy the remaining at a higher rate from the currency traders.

Capitalist who earn dollars through exports hand over half the dollars to the government at the government rate and can sell the remaining dollars at some what higher rate to the importers and the currency traders who require dollars.

Generally, capitalists expect such a situation whereby they can sell at their will the foreign money that they get through exports and there should not be any condition that they have to sell it to the state only.

While the Government exchange rate is '4 rupees=1 dollar', the private exchange rate is, let us say, '5 rupees=1 dollar'. Which means, besides the rate fixed by governments there will be another rate among the different currencies that prevails in the private currency trade. This varies according to the **s** and **d** of these currencies.

If the exchange rate fixed by the governments is '1 dollar=4 rupees' it will be the 'value' of those units.

Value of 1 dollar = 4 rupees.

Value of 4 rupees = 1 dollar.

But, if '1 dollar =5 rupees' in the private currency trade, it will be the 'price' (market price) of the money unit.

Price of 1 dollar = 5 rupees.
Price of 5 rupees = 1 dollar.

This has happened so because of the 'shortage of dollars' in the rupee country.

Let us say that when there is 'scarcity of dollars', the government of the rupee country declared thus: "You can secure dollars in whatever way you like".

Then, the capitalists of the 'dollar country' may begin 'currency trade' in the rupee country with their dollars. The importers of the rupee country will then buy dollars at a higher price and send it to the exporters.

The rupee country can have import and export relations with not only the 'dollar country' but also 10 more countries. Depending on the conditions, all those currencies also may have private exchange rates. A change in one currency may effect another currency price.

The currency traders keep watch the demand for a given currency in a given country, keep buying wherever it is available and keep selling wherever it is necessary and through such a trade they earn 'profit'.

However in a given country there may be much scarcity for a given foreign currency it is not possible for the price of that currency to rise excessively. It is because, when a capitalist, who imports foreign commodities, has to pay more native money for the foreign currency, the profit, which he gets when he again sells it or uses if for 'productive' need, will fall sharply. Hence, in the problem of money exchange, there will be a limit to the currency price, however much it may rise.

What we have to know from what we have seen so far is this: Every country is obliged to make so many imports to the other country as many exports as it makes. If there is such condition, one country will inevitably be in a 'plus' situation and another in 'minus' situation in the context of 'foreign trade'. The problem of 'scarcity for foreign currency' will catch the country that stands in the 'minus' situation. The 'exchange rate' will change in such a way that the value of the money of that country will fall. It will be indebted to the foreign country and have to pay interests. Or, it has to pay gold to the foreign country. Since all these problems catch the countries, the solution for these problems is equality of exports and imports among the countries.

But, the capitalist economists do not say thus, "The solution to these problems is equality of exports and imports among countries". Moreover they say thus, 'Exports alone should always be greater than imports. Foreign countries alone should be in an indebted position in relation to us and we should not be in an indebted position in relation to them." They advise that we should always reduce imports and this is not meant for any one country. Economists of each country give the same kind of advice. The same advice to all countries! All countries have to decrease imports and raise exports! It is needless to say that these stupid advices will turn into useless advices.

So far, we have dealt with certain issues concerning 'value of money' and 'quantity of money'. We have seen the role of 'quantity of money', besides the role of 'value of money' in forming prices, wages and 'exchange rates'.

We may see those points once again very briefly as follows.

(1) If the gold value falls, all the prices of other commodities rise. If gold value rise, all the prices fall.

2) Whether gold value falls or rises gold price does not appear to have changed. Change in gold value appears in the form of change of the quantities of other commodities that we get in return to the gold and not in the form of change in the gold price.

3) If the money in circulation is ' gold money', commodity prices do not change irrespective of whether its quantity is greater or smaller. Similarly, gold price will also not change.

4) Even if the money in circulation is 'paper money' and if it is in the 'required quantity', even then either gold price or prices of other commodities will not change.

5) If the money in circulation is paper money and if it is over and above the required quantity, all the prices of other commodities will rise along with the gold price. If the mass of money is less than the requirement, all the prices will decrease. But, this second thing never happens.

6) If wages too do not rise at the same level as prices when prices rise due to fall in the 'money value' or due to the rise in the 'money quantity', it amounts to a fall in the wages.

7) When countries do not observe the system that keeps '1 paper rupee' (1 paper unit) as an equivalent of 1 gold rupee, 'mass of paper money' in each country will keep on growing and value of 1 paper rupee will go on falling. The exchange rates among monies of different countries will inevitably change periodically. However, since that changing rate applies to both the countries uniformly, there will be no problem due to it.

8) When trade is conducted between 2 countries, the obligatory condition should be that both exports and imports have to be equal. Each country is obliged to make so many imports from other country as many exports as it makes to the other country. If this does not happen, any one country will face the scarcity for foreign money, the demand for that foreign money increases and its price rises abnormally. Under these circumstances, an attempt to keep the exchange rate stable will become a meaningless attempt.

22. Inflation

'Inflation' means 'increase in money'. If money in circulation is in the required quantity, we need not call it 'increase'. We refer to it only when it 'increases' 'unnecessarily'.

Capitalist economists use such pet words as 'inflation' to describe a situation where there is large quantity of paper notes in circulation. These economists do not have a proper understanding of any economic issue. It is because they do not have a proper understanding of 'value' itself.

Suppose new gold mines were discovered in the world, gold production has doubled, and the value of '1 gold coin' has fallen to half. Then, 2 coins will go in the place of 1 coin, won't they? That is, 'prices' will become double, won't they? It happens thus because of the fall in gold 'value'. But the fact of 'fall in the value' does not appear outwardly. What appears outwardly is simply growth in the gold production and the subsequent rise in prices. The economist, who merely sees the external appearances, thinks as follows: 'Gold production has risen. Wages have risen. It means that we have to give more coins instead of 1 coin when gold is more'. According to this economist, 'mass of commodities' lies on the one side and the 'mass of gold' lies on the other side. The 2 masses

have to exchange with each other irrespective of size of each mass. If mass of gold increases, the whole of it will exchange with that 'mass of commodities'. Then more gold will come in lieu of each individual commodity. Thus, the price rises. The economist who understand things like this, makes it into a law and declares as follows: "If gold increases, more gold goes in return to the commodities. That is, wages rise. If gold decreases, less gold goes in return to the commodities.

But the economist does not understand the issue of 'change of value of the gold'. It means that the economist does not have a proper understanding of the question, 'what does money mean?'

Any economist will easily understand the fact that money functions as 'means of purchase' (means of circulation). It is because, the fact that the function of money as a means for purchasing commodities appears outwardly. But this alone is not an understanding of 'money'. It is merely looking at the thing superficially. **Economists are not needed to see things that appear outwardly. Even ordinary people will do.**

What the economists should do is not simply to understand the fact that 'money functions as means of purchase'. They have to understand as to 'what feature (the feature of having value) makes it to function so.

This alone is the grasping of essential aspect of 'money'.

On certain occasions, the capitalist economist too speaks of 'money' in terms of 'measure of value'. They simply 'recite' those words but are not concerned with such questions as: "What does 'money functioning as measure of value' mean? What does 'measure of value' mean? What actually value means?" In other words, they do not grasp the fact that 'value means labour only'. They do not understand that 'money too is an article made of labour'. Owing to this feature, it is able to function as a 'measure of value'. These **economists, on no occasion, explain economic phenomena based on the category 'labour'.** It means that the economist simply knows superficial aspects of 'money' and he does not at all know its 'real essence'. As he has a half-baked understanding of money, this economist, instead of saying that 'prices rise if gold value falls', says that 'prices rise if gold quantity increases'.

In addition to the half-baked understanding of the capitalist economist about 'money', distinctions like 'gold money' and 'paper

money' too will add to the confusion and the whole thing turns into a 'big confusion.

If we consider 'paper money', we will see price rise when the 'quantity of paper money' increases. If we look at this superficially, it appears as though prices rose due to the increase in the quantity of money. But, the actual fact is that prices rise due to the fall in the value of 'paper rupee'. Which means, the actual cause is change in the 'value of money'.

Therefore, **whenever 'prices rise', we have to understand it as an aspect connected with the value of money. We should be able to explain every economic phenomenon on the basis of 'value' (labour).**

The question that "what was the situation of 'inflation' when we saw 'prices' in the past" is irrelevant here. It is because, whatever situation might have existed, the same applies to all prices.

In an example, the prices of 2 different commodities are, let us say 2 rupees and 3 rupees respectively. Suppose that the prices of these commodities became double after sometime due to inflation as 4 and 6 rupees respectively. As this change applies uniformly to the 2 commodities, the essence of both the contexts is the same. Whether we take the initial prices or later prices, the aspects that we see through them are the same. In both the contexts, those prices include **c+v+s**. In both the contexts, 'surplus values' will be there. Hence, when we see the price of a given commodity as 'so much', the question that 'what was the situation of inflation' is not relevant'.

'Inflation' is a condition that arises due to capitalism. This condition did not exist in the past societies. It is because, though 'money' was in existence in the past societies as well, that 'money' was not 'paper money'. That money existed initially in the form of articles and later in the form of silver and gold coins. Therefore, there was no situation where 'mass of money' increased.

However, it is not possible to say that this situation arises due to 'paper money'. If 'paper money' exists without the evils of capitalism, conditions of 'inflation' need not arise.

But, as (1) commodity production and (2) paper money go together under capitalism, the problem of 'inflation' begins with this system only.

'Inflation' remains to be an 'irritating' problem for the capitalists for the following reasons: we say that all the prices rise uniformly due to inflation, isn't it? But, this method of saying things enables people to understand the situation easily. Even during the conditions of inflation, prices of all commodities do not rise at the same level beginning on the same day. Prices may rise first in certain branches. In some branches they may rise after some time. If the rise in one branch is 10%, it may not be exactly 10% in another branch. Owing to these differences in the price change, some capitalists gain more while others gain less.

If we consider 'foreign trade', when 'exchange rate' changes due to fluctuations of inflation in 2 countries, profit for the capitalist of one country may decrease temporarily.

As the value of the 'paper money unit' goes on decreasing due to inflation, the value of the money that the capitalists accumulated also will go on decreasing. Since all these troubles crop up due to 'inflation', it remains to be a 'headache' to the capitalists as well.

In order to solve this problem of 'inflation' and more importantly the problem of 'exchange rates', capitalist economists dream of establishing 'the same paper money unit to all countries'.

23. Can't there be the same 'currency note' for all the countries?

Suppose all countries give the same name, either as 'rupee' or 'dollar', to their money. Let us say that all countries print their paper money unit in the same shape. Let us also assume that gold of the same weight backs that paper unit in all the countries. (1 gram or 2 grams, uniformly every where). Then, the same paper money exists throughout the world. Paper notes of every country will circulate in every other country just as the paper notes in a given country circulate in all the regions of that country. If one country has to give 100 rupees, it can give its own paper money. Likewise, it can take paper money from other countries. Thus, if all countries keep the same paper unit, problem of 'exchange rates' will not be there because there are no different money units. Why is it not possible to keep the same paper note with the same name and same shape? This is a capitalistic dream.

Here the problem is neither the name to be given to that 'note' nor its size. The actual size is that of its 'value'.

If all the countries would like to make it possible to have the same paper note, all countries have to observe one condition. That is, inflation should not exist in any country. In case it is present, it should be at the same scale at all places.

Every country should be able to keep the value of 'paper unit' equal to the value of 'gold unit'. It should have such a restriction on the 'currency issue' that it keeps in circulation only so much paper money that is equal to the value of 'mass of commodities'. Only then, the value of 'paper note' in any country will not change. In this way alone, it is possible to have the same money unit for all the countries.

But this 'dream' will never become true because it is not possible to do away with 'inflation' in any country as long as capitalism exists. Further, it is also not possible to maintain the growth of inflation at the same level in all the countries.

Suppose all the countries uniformly kept '1 paper note with a value of 1 gram of gold on January 1st. By the next January 1st, note of each country will have acquired separate value each.

Let us say the name of that note is 'rupee'. If the rupee value in the 1st country has fallen by 5% due to inflation in different countries, the rupee value in 2nd country might have fallen by 19%. It is different in the 3rd country. Then, '1 paper unit' will have different values in different countries. If all countries have the same money unit and if its value is different in different countries, it is impossible to deal with such money. We have to make transactions in terms of the given value of that rupee in a given country. Then that rupee will acquire different names like 1st country rupee, 2nd country rupee, 3rd country rupee and so on. Then, 'exchange rates' will also form between those rupees. Which means, every thing as before. Therefore, establishing the same money unit internationally and dealing with it are unimaginable things.

To solve this problem, that is, in order to keep the 'currency issue' under definite control, first of all the production processes in the society should have a definite 'collective plan'. All products should have definite value calculations. In no branch, should there be a situation whereby

s and **d** diverge from each other. Even if there are divergences, price should not rise when **s** falls. (If **s** falls, unit value should rise and price has to rise. True. This means, price should rise as much as it ought to rise and not beyond it). Under conditions of a decrease in **s**, a commodity should have as much price as it ought to have in such conditions. There should be such a situation whereby people have to use that less supply by way of rationing. Each individual should reduce the consumption to some extent. They should be no such practices as black marketing, black money, individual saving of money without giving to banks and so on. Above all, we have to first abolish the old money totally and introduce new money in accordance with the commodity value that exists in the society. Thus, by means of many changes, which we have not discussed here and which are intolerable, averse and impossible for capitalism, we have to begin to solve this problem. This is unimaginable under capitalism. Therefore, this is not a solvable problem in this society, except that its rupee changes.

We should not view capitalistic foreign trade as a 'simple trade'. In this trade, the relation between the 2 countries is not such a 'simple relation' wherein 'this country sells to that country and that country sells to this country'. This is not even a problem purely concerned with 'exchange rates'. Though it initially begins like a simple trade, it gradually changes into an 'aggressive' trade by 'Master' countries with their 'colonies'. (We have seen this point a little in section on 'use of machinery and its consequences', of chapter on 'Large scale industry' in part 1 of this volume. There, we saw that colonies turn into 'settlements' that produce raw materials for the master countries. We will see this point again in little more detail in the next volume)

At the first sight, issues concerning 'prices', 'inflation' and 'exchange rates' appear to be very confusing. But, as we learn things gradually the whole confusion will be dispelled.

If we take a given period of time in a given country, there might be any number fraudulent trades in the sale of commodities and currencies. Inflation may be on any scale. Prices and wages can be of any type. Whatever be the manner, in which things exist, the law of 'surplus value' will not change.

The sum total of prices in all the branches taken together, is the

value of the 'total mass of production'. Whatever remains after deducting the constant and variable portions of all the branches from the total value, it will be the surplus value that all the branches gave. Whatever be the manner, in which things exist, this law will not change.

Capitalist economists too try to solve the problems that arise in the economic phenomena. But the economics that teaches 'exploitation of labour' will not have the capacity and eligibility to solve the problems that arise from 'exploitation'. That economics only knows how to create problems but not solve them.

There are some more problems that it creates. It has some more 'ultra-modern' programmes such as: exporting capital along with export of commodities to foreign countries; searching markets for those exports, distributing the world by all the world capitalists among their large corporations and so on. The capitalist economics has to still 'teach' some more things in accordance with those programmes.

But, the essence of those programes is the same old one. The only magnificent programme of 'exploiting world working class' will go on in its modified forms. Changes, additions and corrections will continue. There is no other great path that this economics can show except 'to teach to live by reproducing exploitation'.

The very thought that 'every person must do labour' creates terror for this economics even in the dream. There are no such thoughts like elimination of rich-poor differences and master-servant distinctions; equality, life style without money outlook in its dictionary.

All it has and all it knows is only to teach the exploiting sections to exploit the 'world working class', push them into intolerable problems and distribute the 'exploited wealth'. This alone is the invariable, changeless, evergreen programme that this economic science conducts. This is its past, present, future and every thing!

24. Again on the 'price rise'

Right from the beginning we have been saying that as the productive powers go on increasing, the 'labour time' decreases and thereby commodity values decrease. We have also been saying since the beginning that productive powers always keep growing. If it is so, commodity values should keep decreasing than before. If productive powers cease to grow

for some time, old prices themselves should remain stable if not decrease. But, what all appears in the daily life is contradictory to this. Neither the decrease of prices nor the stability of old prices is taking place. In fact they are rising still further.

When our elders talk about the prices in the past, we get very surprised. If elders who are 70 or 80 today talk about the prices when they were young, it appears unbelievable. "When we were young a bag of grain used to cost seven or eight rupees. A shirting cloth used to be a rupee and half. Coconut used to cost two 'annas'(anna=1/16th of a rupee). Egg used to cost two 'half-annas'. In our times, we used to get on with a wage of eight rupees", thus they begin to say. We often hear that prices as well as wages used to be very low in the past. After the passage of time since then till today, that is, after the passage of time for 50 to 60 years, we find the prices of some commodities have risen 10 to 14 times and some other rose even 20 to 30 times. Even in our present day experience also, we simply see prices of clothes, prices of shoes, house rents and the prices of other commodities rising rapidly. While it is expected that values decrease and hence prices fall as the productive powers go on increasing, how should we understand the rising of the prices like this?

'Price rise' is an 'effect'. That effect is due not to a single cause but different causes. Therefore, as soon as we see that effect, we cannot grasp the actual cause behind it. We have to examine all the causes that give rise to this effect and catch the essence.

We have to again see all the things together concerning 'prices'.

Price rise may take place due to any one of these four or five causes.

1) If the 'value' of the commodity rises, due to fall in productive power, the price rises: But, since 'productive power' inevitably keeps growing periodically, the value of an individual commodity should decrease but not increase. Since growth of productive powers takes place in all the branches, values at all places should decrease. Hence, the first factor is not a cause for the price rise.

2) 'Prices' may rise due to fall in the 'money value': Since the growth of 'productive power' also takes place in the gold branch as well, money value decreases. If money value also decreases just as commodity value decreases, the exchange proportions between commodities and money will not change. That is, even if values decrease in all the branches,

prices do not change. That is, this second factor is also not a cause for the price rise.

3) The price may rise if demand for a commodity is greater than the supply: But the commodity will not have a greater demand constantly. Changes also take place in the demand. Hence, some times 'price-fall' should also appear. But, it is not happening so. Moreover, demand for all commodities does not increase simultaneously. But price rise of all the commodities is taking place. Hence this factor is also not a cause for price-rise.

4) Price may rise due to commercial fraud: Suppose, when the price of a metre cloth is 2 rupees with all people, one trader fraudulently sold to a consumer at 2.25. This amounts to a rise in the price of cloth. But, this does not amount to a rise in the price of entire cloth. The same trader sells that cloth for 2 rupees on occasions when it is not possible to commit fraud. Which means, the price has not really risen. It amounts to price rise only if the price rises at all the places where that commodity is sold. Therefore, commercial fraud is also not a cause for the price rise.

5) Price may rise if the value of the unit of paper money decreases: This is the primary cause for constant rise in prices. If prices rise due to other reasons, prices of all the commodities neither simultaneously rise nor that rise continues like that. Therefore, the primary cause for the price is constant fall of value of the paper rupee.

If we keep the value of gold rupee equal to the value of paper rupee, all the prices even today remain almost the same as before with minor differences.

In part 1 of this volume, in the chapter on 'Large scale Industry', we have seen some examples where past prices fall down so much during the period of 'large scale industry'. How did prices fall instead of rising? It might have occurred like this: either the 'paper money' had not come into existence as yet or even if it had, the value of the paper unit and gold unit were not equal. 'Large scale industry' means manifold increase in the productive power. Due to that, commodity value decreases. It will be in the form of 'price-fall'. If there were no problem of inflation, prices naturally fall due to large-scale industry.

But even though productive powers are growing many times, prices

are not falling. Moreover they are rising more than before. As long as the causes that operate behind this price-rise continue, prices keep rising. There will be no limit to this 'price-rise'. We need not be surprised if, in future, we carry a big bundle of paper rupees to buy 1 egg.

25. False beliefs regarding 'wages'

We have been observing what the very first false belief with regard to 'wage' is. **That false belief is 'wages means value of labour only'.** 'Wage is something that brings to the labouring person the entire thing that has to come in return to the labour performed' this is the false belief. We know what falsity is there in this understanding. The falsity concerning 'profit' is based on this falsity only. It is such **falsity that assumes that profit has nothing to do with wage and it (profit) is something that comes from somewhere and adds to the 'price'.**

Since capitalist economics has a wrong understanding at the very foundation of the concept of 'wage', there are many more false beliefs based on that understanding.

One of them is 'prices have to rise if wages rise'. There are many such beliefs.

If we have a correct understanding of 'wage', we will be able to understand any individual issue wholly and correctly in economics.

Should prices rise if wages rise? Let us see this now:

Suppose the value of a commodity is 15.

Suppose value itself is the price. That is, price is also 15.

Its constituent parts are 6c+4v+5s.

(We are calling 'surplus value' as 'profit').

If we say 5 profit on 10 capital, the profit rate is 50%.

Suppose, in the case of commodity so produced, other aspects have not changed but wage has become 5 instead of 4.

Then, how will be the commodity value? Will it rise?

Does wage rise here mean that more 'living labour' is spent on the commodity? Does it mean that workers performed more labour than earlier and hence wage rose? No.

The 'living labour' that the workers give has not at all increased. It is as before.

Since 'living labour' has not increased, the portion of 'means of production' does not increase. It is also as before.

That is, none of the expenses necessary for commodities has increased. Hence, value of the commodity has not increased.

Rise in wages without a rise in the 'commodity value' means addition of some portion of 'surplus value' to the wages! That is, **rise in wages means fall in the surplus value; but not rise in the commodity value.**

It means that, even now, the commodity value will be 15 as before.

But, now its constituent parts are 6c+5v+4s. Not as before.

If 'wage' rises, surplus value falls.

Surplus value has fallen as much as wage has risen.

If wage rises by 1, surplus value has fallen by 1.

But wage rise simply means rise in capital. Therefore, if we look once again at the 'capital' and its profit after the wage rise, they will change as follows.

After the wage rise, capital is 6c+5v =11.
After the wage rise, profit is..... 4.
That is, owing to the wage rise,
capital has increased than before and
profit has decreased than before.

If profit on 10 capital is 5 in the past,
profit on 11 capital is 4 in the present.

Profit rate in the past was 50%. If we see the present profit rate, it will be 36%.

Commodity price does not rise due to wage-rise. Profit rate falls since profit falls.

If the capitalist, after raising wages, retains the commodity price as before by tolerating the fall in the profit, workers will really benefit from

the advantage that comes due to wage-rise. But it does not happen so. The capitalist will not satisfy himself with less profit by raising the wages.

It is profit rate that directs the capitalist in his path. The capitalist always tries to raise it (profit rate) than before. He would, at least, see that it does not decrease than before. Will such a capitalist raise the wage with a view to reduce profit? No, it does not be so. Profit should not fall even if he raises the wage.

How is it possible? It is possible if he raises the commodity price after raising wages. Then, profit rate will be as before without falling.

Even if capital increases, none of the expenses connected with the commodity increases due to the rise in wages. But, since the capitalist has to invest more capital than before in order to raise wages, the capitalist thinks as if he is spending more on the commodity. Hence, raising the commodity price appears to this fellow very reasonable and as a right.

This is how 'price' is formed after the rise in 'wages'. The entire 'capital' invested should return. He has to get the same profit rate, which he used to get before. Both the aspects together constitute new price.

Price before wage-rise:

Capital : 6c+4v=10; profit: 5. Profit rate: 50%.

Commodity : 6c+4v+5s=15.

Price after the wage-rise:

Capital: 6c+5v=11. If this capital has to get profit according to the profit rate of 50%, now profit is 5½.

Now, commodity price=6c+5v+5½s=16½.

If the commodity price before the wage rise was 15, price after the price-rise is 16½.

Rise in the price is 1½. Why did the price rise like this? Because wage rose.

If rise in the wage is only 1, how come price rise is 1½ ? Price too can rise as much as wage rose, isn't it? Why did it not happen like this?

It is not enough if capital adds to the price in as much quantity as it rose in order to raise the wage. That increased capital should get 'profit'

as well. Therefore, the increased capital plus its profit is 1½. This adds to the price afresh and the new price became 16½.

The capitalist will get back his capital as well as 50% profit on that capital due to the new price, just as he got back his 'capital' and 50% profit on that capital due to the 'old price'. That is, the capitalist will not lose anything due to wage rise since he rose the commodity price after raising the wages.

But, if prices rise after wages rose, what will that situation look like if we view it from the side of the workers?

The increased prices will get more commodities than before only if prices do not change after the wage-rise. Only if that happens, workers will benefit from the wage rise. But what is the advantage of wage rise if prices too rise along with the wage-rise? Workers have to buy precisely those commodities, whose prices rose with their increased wages. It amounts to a non-rise in the wage.

If we again come to the issue of 'price', the price of the commodity that was 15 earlier has become 16½ after the wage-rise. This is a rise in price without a rise in 'value', isn't it? Now what is the value of this commodity? Should we assume it as 15 or as 16½? We have to assume it as 16½ only. It is because, we have to take into account the price at which the capitalist sells in the market.

We know that total of prices itself is the total of values.

If the capitalists raise wages as well as prices in all the branches, then that total of increased prices itself is the total of values.

Let us consider an individual branch and assume market price itself as value to make our example simple. Which means, take any branch, market value itself is the value.

Since the increased price of our commodity is 16½, that itself is its value. Hereafter, old value is irrelevant.

What does it mean if price rises without a rise in the 'value' (without a rise in the labour time that is spent)? It only means that the 'form' of the 'price' has changed.

'Value' never appears on its own. It manifests through 'price' only. If the value of our commodity was in the form of '15' earlier, the

same value is now in the form of 16½. The essence of 'value' has not changed. Only its form has changed. Now, its constituent parts are 6c+5v+5½s.

Hence, we have to take into account only the new prices whenever prices change. Our examination should be only on the new price and its constituent parts. The other aspects to be examined later are connected with the new price. Hereafter we have to abandon the old price.

Now the actual question is,

Should the commodity prices rise if 'wages' rise?

Not necessary. As 'value' does not increase, price need not rise.

If wages rise, profit falls. That's all. But price need not change.

But, under 'capitalism', when wages rise, prices rise instead of falling in order to retain the 'profit rate' at the previous level even after wages rise.

Suppose wages and prices too rose by 10% in all the branches. It amounts to non-occurrence of any kind of change. It is merely change of 'forms' of earlier wages and earlier prices.

However even if we assume that wages as well as prices rose, that rise will not be uniform. Wage-rise will be at different levels in different branches. Similarly, price-rise too will be at different levels.

Another question in this context:

Will the wages rise if prices rise, or

Will the prices rise if wages rise?

Both are true. Both things happen.

We have to understand these things without confusion. That process will be like this.

Take 'coarse cloth' since it should have some price or the other, let us suppose that price to be 15. It is 6c+4v+5s.

Will the capitalist on a fine morning call the workers and say thus, "It is my wish to raise your wages. I'll raise them?"

Will it happen so? Let us see this in another way.

Suppose workers themselves ask for a wage rise.

Will the capitalist immediately say "Oh! Should you need to ask for that? I will surely raise?" No, he will not say so. Moreover, he would say, "Should I raise your wages? Why?"

Then the workers should show a reason. They say 'These wages won't do! They are not enough'.

"Are the wages not enough? How the hell, the wages, which have been enough all these days, are not enough now?

What will the workers then say? They say, 'Now all the prices have gone up. It is difficult for us to live if wages do not rise.

How can the workers say that 'all the prices have gone up?' Will they say if it really happens so or even if it really does not happen?

Workers can say so only if all the prices rise like that. Even the capitalist cannot deny that reason. Which means, the capitalist too knows that 'all prices have gone up'. But he pretends as if he is unaware of things, until workers ask him.

When workers say that 'all the prices have gone', they do not mean the prices of other commodities only. It also refers to the price of the commodity that these workers produce. That is, it also includes the price of coarse cloth that we have taken as our example. That price of 15 too is also a price that had already risen by then.

When the situation is like this, after prolonged heated discussions, the capitalist, let us say, raises **4v** of our cloth example to **5v**.

Workers will now get wages 5 instead of 4. That is, wages have risen.

That is, whenever wages rise, it implies that commodity prices had already risen by then.

But the cause for such a rise in the prices of commodities is either the fall in the 'gold value' or fall in the 'currency value' due to an increase in the quantity of paper money. If prices rise due to these reasons, it amounts to rise in prices without a rise in values. When prices rise like this, workers find it difficult to buy with their previous wages the means of subsistence whose prices rose. Yet they bear the burden of price rise for some time. Later, they slowly begin to ask the capitalist 'to raise

wages'. Though he raises a hue and cry initially, he would raise the wages later as it becomes unavoidable.

The rise in the existing wages does not take place without any basis. 'Wages' are not formed without any reference to economic laws. If there are no changes in other aspects, the existing wages will never change. There is no need for them to change. If wages have risen once, it means that they have already fallen. Or, in other words, prices had by then risen. No capitalist would attempt to raise the wages that have not fallen. The essence is, **wages rise only after prices rise.** This is the first point.

But, this process of price-rise does not stop there.

Since profit rate falls after wages rise, prices also rise further. This, we have seen earlier.

That is, the whole process will be like this.

First, prices of the commodities rise. Later wages rise.

Since wages rose, prices will again rise due to the wage-rise. Prices thus risen will be stable for some period. Later, gradually, the value of paper money falls.

Next, the same process again!

First, price rise,

Due to that, wage rise,

Due to that, prices rise again!

The same way again and again!

We have to see this process in 2 stages.

The first stage includes price rise and consequently wage-rise:

Wages have to rise after the price-rise. This is correct and this has to take place. But, wage-rise will be lower than the price rise, instead of being equal. Or, if the wage-rise took place properly, it only means that already-fallen-wages rose and they stood stable without a fall. But it does not mean that wages had risen from the existing level.

The second stage price rise again after the wage rise:

This need not happen. Even if wages rise, prices should be as before. Prices should be kept as they are and wages should be raised.

But, we have already seen that it does not happen like that. If the previous prices alone continue even after wage-rise, profit rate declines. Therefore, in order that profit does not decline even after the wage-rise, prices should rise again. It happens like that only.

If we now see the whole thing, what is the beginning in the process where prices and wages go on increasing?

Will the wages rise if prices rise,

Will the prices rise if wages rise? Now, we have to offer a correct answer to this question.

Both are true. Both happen.

But the beginning is price rise.

It is only price rise that first takes place due to the fall in the value of paper-money unit.

Later wages rise and then again prices rise! This is the connection between price rise and wage-rise.

We have to proceed further only after offering an answer to another question here.

If the capitalist is able to raise the prices again after raising the wages, why does he cry to raise wages in the beginning? As soon as the workers ask, he can raise wages and then also raise prices, isn't it? Why should there be a conflict between the capitalist and the workers in the issue of wages?

There is no doubt that a capitalist raises the price of his commodity after raising wages. However, 'raising the price of the commodity' is not a job without difficulty for the capitalist. As he will have the constant problem of selling his commodities, 'raising prices' will be a problematic situation. Selling the commodity at a higher price is more difficult than selling at a lower price. Selling at a lower price without raising the price is much easier. Here, why should he raise the price? Only in order to retain the old rate of profit. This is what we are seeing here. If we assume that old rate of profit as 'so much' (for e.g., if we assume it as 50%), it is more comfortable situation for the capitalist provided he can get that profit without raising the price rather than the situation whereby he has to raise the price for the sake of profit. Therefore, the capitalist will be a little

hesitant in any situation where he has to raise the commodity price. First, he attempts to retain the profit rate without raising the price. First, he would try not to raise wages because he has to raise the commodity price if he raises wages. He would do so only when there is a pressure from the side of the workers. If he raises wages when it is unavoidable, he may raise the price immediately or he may not do so. But, that would inevitably be done, even after a little reinvestment.

Here we gave to focus our attention on such items as 'capital' and 'profit rate' and understand them properly. We will now see how price is raised in order to retain the old rate of profit.

Let us see that in 3 contexts, namely, old price, increased price and the price that has again increased, the profit rate is uniform. Let us consider that profit rate as 50%. These 3 contexts will be as follows.

1) Old wages, old price ..... profit rate is 50%.
2) Old wages, increased price ..... profit rate is 50%.
3) Increased wages and further increased price ..... profit rate is 50%.

Let us now see how this happens.

To make our example simple, let us slightly modify the numbers that we saw earlier.

The first example:

Price of the cloth is 45. It consists of 20c+10v+15s.

Let us call this price as 'old price' and these wages as 'old wages'.

Here capital=20c+10v=30.

If 30 capital gets 15 profit,

$$\text{Profit rate} = \frac{15}{30} \times 100 = 50\%.$$

While this is so, after sometime, let us say, all the prices in all the branches have risen by 10% and wages have not at all changed.

We will now see the second example of old wages and increased prices.

In this example, the cloth capitalist does not put more on 'wages'. He would put only 10 as before. But he has to buy 'means of production' from other capitalist. Their prices have risen by 10%. Therefore, if he had put 20 in the past, now he puts 22. Does 'investing more capital on constant portion' mean that the quantity of 'means of production' has risen? No. Their quantity is the same as it was earlier. What has happened now is simply the price rise (that is only a change in the form of price).

Now capital is 22c+10v=32. This increased capital should get a profit rate of 50% as before. It should not diminish. That is, 32 capital should get 16 profit.

In the earlier example, if profit is 15, it is 16 in this example. Does it mean that workers gave more living labour now than before? No. Now, neither the quantity of 'means of production' nor the length of the 'working day' has increased. Therefore, the living labour of the workers is the same both in the past as well as now. But the change of **s** portion as 16 is also a change in the form only.

However, if this change in the form takes place in the case of those aspects other than **v**, its consequence will be by way of reduction in the portion of **v**.

In this 2nd example: let us see the commodity price and the profit rate that comes from that price.

Price: 22c+10v+16s=48.

If the earlier price of this commodity was 45, the increased price is 48.

All portions in the price have risen except 'wages'.

Now, the profit rate:

If 32 capital gets 16 profit,

100.....? $\frac{16}{32} \times 100=50\%$.

Profit rate is as before.

In this example, owing to the rise in the prices of 'means of production', the capitalist raised this commodity price and retained his old profit rate without a fall since he invested some additional capital.

In this example, if we see the case of workers, wages have not risen despite the rise in the prices of the capital. They have to buy commodities of increased prices with the old wages only. Hence, wages too have to rise.

Now let us see the 3rd example where wages too rise by 10%:

If the capitalist has to raise wages too by 10%, he has to invest some additional capital. Again, he has to get on that capital as well. All those things together increase the commodity price.

Now, the price of the commodity is: 22c+11v+16½s=49½.

Now the profit rate is:

If 33 capital gets 16½ profit,

$$100.....? \quad \frac{16½}{33} \times 100=50\%.$$

Since the capitalist invested more capital on 'wages' than before, he increased the commodity price further and retained his 'profit rate' without letting it fall.

The price of the commodity in the first example is 45. In the second example it is 48. In the third example it is 49½.

The profit rate at all places is the same. Which means, in order to retain the old profit rate, it became necessary to raise the price.

If we compare the first example and the last example, commodity price has increased 11%. But, neither 'means of production' has risen, nor workers have performed more labour nor has the mass of production increased none of these things happened. All those aspects are as before. Yet the commodity price has increased.

All this is happening due to a fall in money value.

Prices of all the commodities that we have to buy have risen. You have to raise our wages too" if we take this context in which workers come to the capitalist and ask thus, the causal factor for the price rise in this example is fall in the value of paper money. Prices rise due to this only. Later wages will rise. Later wages will again rise.

To make examples simple here, we have seen that prices and wages have risen. But, in fact, it does not happen so. Even the wage rise may not be equal to the price rise. Suppose prices increased by 10% and wages increased by 8%. All these calculations are not accessible to the workers. It appears to them as if wages too rose. But it amounts to a decrease in wages by 2%.

To make the example simple, let us leave out all the differences and assume that prices and wages have risen at the same level. This change will be a change in form only.

Owing to this capitalistic process of rising of prices and wages, there will be no new change that the society can achieve except the over dumping of 'mass of paper money'. Increase of 'mass of money' means increase of all such expenses as paper cost, printing cost, cost of transportation of those notes etc. Carrying out a function, which was carried out earlier by 1 rupee note, by means of 100 rupee notes, merely means wasteful expenditure to the extent of 99 times and there will be nothing that the society can achieve due to that.

But, all this is inevitable under capitalism. All this is its 'naturalness'.

Whatever the capitalist economist does, it is great economic science! If prices, wages and again prices keep increasing, all such happenings are great economic laws!

If workers cannot understand the confusion whereby prices and wages increase, they will form a wrong notion that 'it is inevitable for the prices to rise after the wage rise'. As a result, they may also form an opinion that 'it is useless to fight for wage rise'.

That wrong argumentation goes like this:

"Suppose a wage consists of 4 rupees. It became 5 rupees due to struggle. But, the situation does not stop with wage rise only. Since capital has to rise in order to raise wages, prices too, due to this, have to rise. Suppose the price that was 4 earlier rises to 5 now, we now buy with 5-rupee wage the same commodities that we bought with 4-rupee wage previously. The old situation and the new situation are alike. In such an event, what is the use of fighting for wages and secure 9 rise? Is it enough to retain the old wages?" This is the line of argument.

There are at least 3 mistakes in this argument.

1) 'Wage' is merely the sum total of definite number of articles. For example, it consists of 4 articles. Wage-rise means, change in the 'money form' only but the mass of articles does not increase. Even with the increased money workers get only 4 articles as before.

Answer to this question: True. Generally, the same thing happens under capitalist system. Yet, even under this system, wage is not a fixed quantity that cannot change. If some portion of **s** comes into **v**, the wage may go up. If workers do not know that living labour consists of **v+s**, whatever the capitalist pays (if he gives 4 articles, the same thing) appears to be the final limit. But when the 'money form' of the wage changes, articles that come from the wages may either decrease or even increase. It is a mistake to think that the mass of articles is always fixed and no change takes place in it. Owing to the ignorance of **v+s**, change in the wage appears simply as a change in the 'money form'.

2) Let us examine the notion that 'prices have to rise if wages rise'. The mistake in this assumption is the total acceptance of whatever happens in capitalism. If wages rise, prices rise only due to the reason, namely, 'retention of profit rate without letting to fall. If there is no such reason, the wages need not rise and prices need not change. When we take about any thing that goes on in capitalism, we have to talk in such a manner that 'it is specific to that system only'. We should not think that 'it is right to happen so!'

3) "Prices too rise if wages rise, isn't it? Then, what is the use of securing a wage-rise? Why can't we continue the same situation of old wages only?" People who argue like this are under the impression that "while old wages and old prices are stable like that, workers are asking for a change in those wages". It means that they are not able to understand that old situation is not like an old situation as before and since prices had already risen, a situation had arisen where wages too had to rise.

Considering the old wages and old prices, if one aspect has not changed, the other aspect too need not change. But what should the old wage do when the old price does not stop but rises to some extent and become a new price? Even that should rise to some extent or the other and has to transform into a 'new wage', isn't it? If it does not happen like

that, workers have to buy the commodities whose prices have risen with the fallen wages.

Under these conditions, if any one argues that 'what is the use of wage rise', it means that they are arguing so because they are thinking that old prices are existing as old prices only.

Suppose that they have understood the fact that old prices have risen as new prices. Then those people may somewhat change their argument and say as follows. "Okay, let us suppose that prices have risen to some extent but the same old wages are continuing. Even then, what workers should do is not to ask for wage rise. They have to ask for a reduction in the already increased prices. When those prices decrease, then the old prices and old wages alone coexist. If workers ask to raise wages, prices will rise further. What is the use of securing a wage rise if prices rise again? Therefore, what workers have to do when prices rise is not to ask for a wage rise but ask for a reduction in prices" Suppose they ask like this.

Answer to this question:

If we consider a situation where wages decreased and prices rose, workers can ask for 'wage rise' as well as 'price reduction'. They can ask both the ways. They need not give up any of these two ways.

Earlier, we have seen 3 examples as follows:

Old wages, old prices ..... 50% profit rate.

Old wages, increased prices ..... 50% profit rate.

Increased wages, further increased prices .... 50% profit rate.

In these examples, we are now standing at the 2nd example and discussing the issue. It is the same profit rate whether the capitalist goes back from here or goes ahead from here. Hence, there will be no problem of falling rate of profit for the capitalist.

Moreover, in the 1st example where both wages and prices fell compared to the 3rd example where both of them rose, less mass of money is enough to move in circulation. Thus, the first example is good. Hence, the struggle for reduction of prices too has significance.

Then, why did prices at all rise? Due to fall in money value. That is, either due to fall in gold value or due to fall in the value of 1 paper unit as

a result of the increase in mass of money. Since prices rose due to these causes, we have to remove these causes in order to reduce prices.

If prices rose simply due to fall in gold value and in order to reduce those prices, we have to increase the gold quantity that is backing '1 paper note', then, the value of the paper note will not fall; commodity prices fall and those fallen prices and wages coincide.

Or, if prices rose simply due to rise in the mass of paper money and in order to reduce those prices, we have to withdraw that increased mass of money. Thus, we have to investigate into the causes for the price rise and remove them.

The real meaning of the statement, 'we have to remove those causes', is: 'we have to remove capitalism.' It means that it is needless to say how impossible it is to reduce prices while capitalism is in existence. Which means, it (reduction of the prices) will not happen.

The solution that is left to workers is to say, 'raise wages!'

That is

Workers need not give up the demand, 'reduce prices', and

Workers need not give up the demand, 'raise wages', as well.

They have to raise whatever and whenever a given demand is possible.

But, workers should largely depend on the second solution only. On the whole, workers should always try to resist fall in wages.

Struggle for wages may be either to retain the wage consisting of '4 articles' or to get some more articles. It depends on the specific context.

Thus, if workers do not know about **c+v+s**, whatever happens, in a given problem under capitalism, appears itself as a 'right' thing.

Marx wrote an essay titled 'Wage, price and profit' in 1865 addressing the false notions of working class leaders concerning the rise in the 'wages'. (We may see this essay in 'Marx & Engels:Selected Works, Moscow 1970, pp.185-226). Let us see some observations from that essay.

> "There reigns now on the Continent a real epidemic of strikes, and a general clamour for a rise of wages. The question will turn up at our Congress. You, as the head of International Association, ought

to have settled convictions upon this paramount question. For my own part, I considered it, therefore, my duty to enter fully into the matter, even at the peril of putting your patience in a severe test. Another preliminary remark I have to make in regard to Citizen Weston. He has not only proposed to you, but has publicly defended, in the interest of the working class, as he thinks, opinions he knows to be most unpopular with the working class. Such an exhibition of moral courage all of us must highly honour. I hope that, despite the unvarnished style of my paper, at its conclusion he will find me agreeing with what appears to me the just idea lying at the bottom of his theses, which, however, in their present form, I cannot but consider theoretically false and practically dangerous."(p.185)

"All his reasoning amounted to this: If the working class forces the capitalist class to pay five shillings instead of four shillings in the shape of money wages, the capitalist will return in the shape of commodities four shillings' worth instead of five shillings' worth. The working class would have to pay five shillings for what, before the rise of wages, they bought with four shillings. But why is this the case? Why does the capitalist only return four shillings' worth for five shillings? Because the amount of wages is fixed. But why is it fixed at four shillings' worth of commodities? Why not at three, or two, or any other sum? If the limit of the amount of wages is settled by an economic law, independent alike of the will of the capitalist and the will of the working man, the first thing Citizen Weston had to do was to state that law and prove it."(p.187)

"In all the cases I have considered, and they form ninety-nine out of a hundred, you have seen that a struggle for a rise of wages follows only in the track of *previous* changes, and is the necessary offspring of previous changes in the amount of production, the productive powers of labour, the value of labour, the value of money, the extent or the intensity of labour extracted, the fluctuations of market prices, dependent upon the fluctuations of demand and supply, and consistent with the different phases of the industrial cycle; in one word, as reactions of labour against the previous action of capital. By treating the struggle for a rise of wages independently of all these circumstances, by looking only upon the change of

wages, and over looking all the other changes from which they emanate, you proceed from a false premise in order to arrive at false conclusion."(p.221)

"These few hints will suffice to show that the very development of modern industry must progressively turn the scale in favour of the capitalist against working man, and that consequently the general tendency of capitalistic production is not to raise, but to sink the average standard of wages, or to push the *value of labour-power* more or less to its *minimum limit.* Such being the tendency of *things* in this system, is this saying that the working class ought to renounce their resistance against the encroachments of capital, and abandon their attempts at making the best of the occasional changes for their temporary improvement? If they did, they would be degraded to one level mass of broken wretches past salvation." (p.225)

"I shall conclude by proposing the following resolutions: Firstly. A general rise in the rate of wages would result in a fall of the general rate of profit, but, broadly speaking, not affect the prices of commodities. Secondly. The general tendency of capitalist production is not to raise, but to sink the average standard of wages. Thirdly. Trades Unions work well as centres of resistance against the encroachments of capital. They fail partially from an injudicious use of their power. They fail generally from limiting themselves to a guerilla war against the effects of the existing system, instead of simultaneously trying to change it, instead of using their organised forces as a lever for the final emancipation of the working class, that is to say, the ultimate abolition of the wages system." (p.226)

"At the same time, and quite apart from the general servitude involved in the wages system, the working class ought not to exaggerate to themselves the ultimate working of these everyday struggles. They ought not to forget that they are fighting with effects, but not with the causes of those effects; that they are retarding the downward movement, but not changing its direction; that they are applying palliatives, curing the malady. They ought, therefore, not to be exclusively absorbed in these unavoidable guerilla fights incessantly springing up from the never-ceasing encroachments of capital or changes of the market. They ought to understand that,

> with all the miseries it imposes upon them, the present system simultaneously engenders the *material conditions* and the *social forms* necessary for an economical reconstruction of society. Instead of the *conservative* motto, "A fair day's wage for a fair day's work!" they ought to inscribe on their banner the *revolutionary* watchword, *"Abolition of the wages system!"* (pp.225-6)

The whole essence of Marx's observations is: 'There is a danger of fall in the wages if the workers do not fight for the wage rise'.

But, the trade unions should not always wage struggles only for wage rise but along with them they have to necessarily make attempts and wage struggles to impart 'class consciousness' that would overthrow the 'system of wages' itself. Marx is also saying that emancipation from exploitation should be the actual objective of the struggle of the working class.

Now, we have to examine 2 or 3 things concerning the 'wage rise'.

If wages rise, only profit decreases but the commodity value does not change. We have also seen that, in order to prevent a fall in the profit, 'price' rises though commodity value does not rise. We have also seen that after the rise in the price, we have to leave out old price and old value and treat the new price alone as the new value.

In all these contexts we have left out the category called 'production price'. But, we have to remind it here once.

Whether when prices increase or do not increase, whatever be the state of prices, the entire capital has to distribute the mass of surplus value contained in the total of 'prices'. Therefore, transformation of values into production prices takes place in any context.

Let us take into account the 'production price' also while discussing the issue of 'wage rise'. To make our example simple, let us assume that prices have not risen despite wage rise. It means that values are in the form of old prices. Will the production prices change or not when wages rise? If yes, how do they change? We have to view things like this in order to understand them from various angles.

Suppose wages in all the branches have risen at the same percentage. Will the capitals of all branches rise at the same percentage? It will not

happen like that. Capitals need not rise uniformly in order to raise wages uniformly. It is because the portions of wages in all the capitals will not be in the same composition. 'Capital required to raise wages in the branches where there is more variable portion' will be more than the 'capital required to raise wages in the branches where there is less variable portion'. Hence, capitals need not rise uniformly in order to raise wages uniformly. Owing to this reason, production prices rise in some branches and fall in some other branches as a result of uniform rise in wages.

Here, instead of all the branches of production, let us take 2 branches only: a branch with higher composition and a branch with lower composition. Let us take the same example of 2 commodities that we have been considering from the beginning. Let us first see the values and production prices that exist before the wage rise and then see the value and production prices after the price rise. Owing to the rise in wages, 'rise in production prices' appears even without a change in the value. To make our example simple, we assume that production prices themselves stand as market prices.

Before wage rise:

Value of the 1st commodity : 10c + 90v + 90s = 190.
Value of the 2nd commodity : 90c + 10v + 10s = 110.
Total of values : 100c + 100v + 100s = 300.

The production prices that form in order to enable 200 capital (100+100) to share the 100 surplus value contained in these 2 commodities will be as follows.

The production price of 1st commodity: 10c + 90v + 50p = 150
The production price of 2nd commodity: 90c + 10v + 50p = 150
Total of production prices : 100c + 100v + 100s = 300.

Here, profit to each of the 100 capital in the 2 commodities is 50. The general rate of profit is 50%.

While the situation is like this and while other things remain constant, let us say that the wages of both the commodities have risen by 10%. Now the constituent parts of the commodity values will change as follows even without a change in the totality of values as a whole.

After a 10% rise in wages:

Value of the 1st commodity : 10c + 99v + 81s = 190

Value of the 2nd commodity : 90c + 11v + 9s = 110

Total of values : 100c + 10v + 90s = 300

The capital spent on the first commodities is now not 100 as before but 109. The capital of the 2nd commodity too is not 100 as before but 101. That is, capitals have risen in both the branches due to wage rise.

Now, the capitals in both the branches together: 109+101=210. That is, in both the branches, there is an increase of '10 capital'. While capital in the 1st branch rose by 9, capital in the 2nd branch rose by 1 since their compositions are different. The portion of wages in the first branch has been greater than that of the 2nd branch since the beginning. Though the growth rate (percentage) in the wages at both the places is the same, more capital has become necessary in the first branch than the 2nd branch to spend on wage rise. However, even now the commodity values have not all changed. Even now, the total of those values is 190+110=300 only. If we deduct 210 capital from the value of 300, surplus value will be 90. The surplus value that was 100 before wage rise, is now 90.

Owing to the price rise by 10, surplus value has decreased by 10. The commodity values have not changed. The 2 capitals have to share the available surplus value.

Now let us see how 'production prices' form. If we now distribute 90 surplus value to 210 capital, the 'general rate of profit' falls compared to the past.

Now, the general rate of profit:

$$\frac{90}{210} \times 100=43\%.$$

Owing to the rise of wages, the mass of profit decreased and thereby profit rate diminished. The capitals of the 2 branches have to share the 90 surplus value of the 2 branches at the general rate of profit of 43%.

Profit that 109 capital in the 1st branch should get:

$$\frac{43}{100} \times 109=47.$$

Profit that 101 capital in the 2nd branch should get:

$$\frac{43}{100} \times 101 = 43.$$

The profits of the 2 branches together=47+43=90.

Production prices after the wage rise:

Production price of the 1st commodity : 10c + 99v+47p = 156.

Production price of the 2nd commodity : 90c + 11v+43p = 144.

Total of production prices : 100c + 110v+90p = 300.

Both before and after the wage rise, values remained the same but production prices became different.

The production price of the 1st commodity before the wage rise was 150. It is 156 after the wage rise. Here, the production price rose by 6.

In the case of 2nd commodity, the production price before the wage rise is 150. It became 144 after the wage rise. Here, the production price has fallen by 6. Owing to the wage rise, the production price in the branch with low composition (in the branch where variable is greater) rose and the production price in the branch with higher composition (in the branch where variable is less) has fallen. This has happened so because the growth of capital in the 2 branches is not uniform after the price rise. If the capital in the 2nd branch rose by 1 after the wage rise, the capital in the 1st branch rose by 9. That is, it increased by 8. In the 1st branch, this 8 capital too should get profit. Due to this reason, the branch that has larger capital should get a greater share from the social surplus value. In order to facilitate the distribution of surplus value like this, the production price in one branch has risen by 6 than before and it fell by 6 than before in another branch. The fallen portion at one place has risen at another place.

If we assume that wages alone have risen and prices have not risen, profit rate falls. But, if we see as if prices too rose at the same level as the wages, the profit rate does not fall. The previous rate itself continues.

Suppose **c+v+s** grow at the same level.

'Production prices' too vary according to that situation.

Whatever be the level of growth in wages and prices, capitals tend to compete in order to grab the profit without letting it fall.

Now another point concerning wages only:

Should the 'mass of money' that circulates 'wages' rise if 'wages' rise? This is another wrong notion. This wrong notion is based on the first one only.

Commodity price need not rise if wages rise.

But price rises.

Similarly, quantity of money that circulates the commodity need not increase if wages rise. But, quantity of money too has to increase due to price rise.

Before the wage rise:

Suppose the commodity value is: 6c+4v+5s=15.

15 money is required in order to exchange with this commodity.

After the wage rise:

Commodity value: 6c+5v+4s=15.

'Value' has not changed.

Wages rose by 1, surplus value fell by 1. Hence, even now 15 money is enough to exchange with this commodity.

But let us suppose that the price became 16½ after the price rise. If it so happens, 15 money will not be enough to exchange with that commodity. It requires 16½. That is, mass of money should increase.

Why more money is required here? For what reason?

It is not due to wage rise but due to price rise. If price does not rise, more money is not required in circulation even if wages rise.

Therefore, we should not say 'more money is needed if wages rise'.

We have to say that more money is needed if prices rise.

Do supply and demand of commodities vary if wages rise?

If wages and prices rise at the same level, supply and demand of commodities remain as they were before.

Or, if their rise is not at the same level,

Or, if wages rise and prices do not rise, then

the **s** and **d** of commodities vary according to those conditions.

The capitalist class buys commodities both for 'productive' needs as well as 'family needs'. Family needs include both articles of consumption as well as articles of luxury.

The working class buys merely for 'family' needs. Only the sections of mental labourers in this class buy 'articles of luxury'.

If wages rise and prices do not rise, some portion of surplus value converts into wages. The demand for commodities diminishes from the side of capitalist class and the demand rises from the side of working class. The demand for luxury articles that the capitalist class uses for personal consumption may diminish and the demand for the means of consumption that the working class uses may increase. The **s** and **d** of commodities vary in accordance with the way these changes take place. Owing to the change in the **s** and **d**, the market prices of the commodities may change to some extent.

Let us now see the kind of impact that the wage rise will have on different sections of the working class.

Suppose there are mental labourers like engineers and also bottommost manual labourers in a given 'work place'. Suppose, the wage of an engineer per day is 100 and the wage of a worker who feeds husk of the paddy grain into a boiler is 5 per day. The difference between their wages is 21 times. Suppose wages rose by 10%. Engineer gets 10 rupees more per day (300 per month) and the boiler worker gets half rupee per day (15 rupees per month). But, when we say that wages rose by 10%, it appears as if wages rose 'equally' and uniformly for all. In fact, wages have gone up 'equally' for all.

Since the gap between the original wages of a high mental labour and a manual labour is 20 times, even the increased wages would be with the same amount of gap.

Among the production enterprises, we find state enterprises and private enterprises. When we say 'wages have risen by 100%', this rule applies to the workers of each section in the state enterprises. Wages of

all people in these enterprises do not rise at the same level. When the wage of an engineer rises by 10%, the wages of manual labourers do not rise at the same rate. Though manual labourers do not benefit even when wages rise so, wages do not rise even at that level.

Concerning wage rise, we have to necessarily keep all these aspects in our view.

26. Commodities of independent producers in the 'capitalist society'

We have already seen before that Independent producers too exist in the capitalist society. When we speak of 'production in a given branch', we have so far kept in view the production of capitalists. But, there will be some quantity of commodities of Independent producers in some branches (not in every branch).

Suppose that in the branch of milk production, there is some quantity of commodities of Independent producers along with those of capitalists. But that quantity constitutes a very minute part of the total quantity of commodities in that branch. If we assume that the whole society is getting 100 litres of milk per day, 95 litres are produced through the capitalists and 5 litres are produced through Independent producers. The market price that form through competition will apply also to the commodities of Independent producers.

We have already observed that Independent producers are not subject to exploitation since they do not have masters and they get their entire surplus value. Here we have to modify that opinion to some extent. Though Independent producers do not have masters at the production place, capitalist system itself stands as an invisible master of their lives.

Suppose the price of milk of 1 litre is 2 rupees.

Independent producers do not possess the same productive power that the capitalists possess. But, Independent producers have to sell their commodities at the same price at which the capitalists sell. (If there are minor differences in the price, they are negligible).

Suppose the constituent parts of the price of 2 rupees at the capitalists are as 1c+½v+½s.

Of this, the part of 'means of production' is 1 rupee.

If we add **v** to it, it is 1½ rupee. This is the cost price.

If 1 litre of milk is produced with 1½ rupees, profit through it will be ½ rupee.

If a capitalist gets a thousand litres produced per day, profit will be 500.

If he gets 2 thousand litres produced, profit will be 1,000.

But the situation of Independent producers will not be like that. In this 'work place', family members alone will be there. It is not possible to carry on production on a large scale by means of large machinery where couple of people work. Independent producers do not possess either the scale of production or the productive power of the capitalist. Thus, the productive power of these people in many tasks will not be beyond the level of handicrafts.

In such production activities as sewing and printing, Independent producers too use machines. But, while the capitalist uses the same kind of machines in large number and employs the workers, the family of Independent producers is able to work in a single machine. In many production activities, Independent producers use smaller machines with low productive power that the capitalists abandoned. When we compare the productive power of a capitalist with that of an Independent producers, the Independent producer take many hours and days to produce a commodity that a capitalist undertakes to produce in 1 hour. It means that it is not possible for the Independent producers to produce at a low cost at which the capitalist does.

In our milk example, the cost of 'means of production' to produce 1 litre of milk is 1 rupee, isn't it?

Suppose that expenditure is 1½ rupee at the Independent producers. The 'living labour' of the Independent producers too adds to that expenditure.

Suppose that the living labour of Independent producers is 1 rupee just as the living labour of workers in the example of capitalist is 1 rupee (½v+½s).

Which means, the total expenditure at the Independent producers will be 1½c + ½v + ½s = 2½.

That is, if the capitalist's commodity is made of less labour,

The expenditure of the Independent producers is made of more labour.

Though the commodity of Independent producers is made of more labour, it is not possible to sell it at a higher price. They too are obliged to sell 1 litre at the price of 2 as the capitalists do. What elements return from that price of 2 when sold like that? If we deduct means of production of 1½ from that 2, the remaining ½ rupee is the portion of their maintenance (value of labour power). That is, only **c+v** return from that price of 2. **s** will not return at all.

Or, let us see the constituent parts of the commodity of Independent producers.

Suppose that means of 1 rupee and living labour 1½ rupee are spent on 1 litre.

That is, 1c+½v+1s=2½. With this expenditure, 1 litre is produced.

But it has to be sold at the price of 2 only. What are the elements that come if sold so?

'1c+½v+½s' will return. Another **½s** will not come. Which means, surplus value will not come in as much quantity as it ought to come.

We have seen the constituent parts of the commodity of Independent producers in 2 ways. In the first example, no surplus value is left out. In the 2nd example, some surplus value is left out (though not as much quantity as it ought to be).

But what happened in these 2 examples is, less result has come in return to more labour. 2 came in lieu of 2½. The fruit of the labour of ½ value has gone with the wind.

Though there is no 'exploitation' of labour of Independent producers by a 'master' they (the Independent producers) too have to sell their commodities at the capitalist price only. Which means, they have to compete with the capitalist commodities. However much labour the Independent producers may do, that whole labour will be enough for

their minimum maintenance (for the sake of reproduction of labour power only). Some times that maintenance too becomes impossible. That is why, Independent producers in the capitalist society have to live in poverty like workers and some times in a more miserable condition than the workers.

There will be some examples of Independent producers who accumulate 'surplus value' and gradually invest it as a 'small capital' and become 'small capitalist'. But, such a transformation is very rare in the case of Independent producers living in the capitalist society.

The small capitalists may gradually become even as big capitalists. But, such examples are few.

What happens frequently is that Independent producers transform gradually into workers.

If producers, who possess means of production of their own and who live on their own labour, become capitalists, they will gradually abandon 'labour'. Or if they become workers, they will be alienated from their own means of production.

27. 'Price' in the 'new society'

When we speak of 'new society', we will lay down certain necessary conditions.

(1) All persons are performing labour, (2) To a large extent there is a 'common ownership' over such means of production as lands and factories, (3) There is no 'competition' among branches of production, (4)There is a 'proper plan' in the society in such a way that there is no divergence between s and d of products, (5) There is a proper plan with regard to the mass of money as well.

It will be a 'real new' society only if the exploitative division of labour changes besides the fact that all persons perform labour. However, these changes will not be complete in a month or a year. Let us call the period during which the changes take place as 'period of transition'. During this period every change should continue with a view to establishing relations of equality and not with an outlook of exploitative societies.

Let us assume that all these changes are taking places right from the beginning with correct and new character. We will keep in view, even in this kind of society, the period in which we fix prices and sell the commodities.

Here, let us call the labouring people as 'producers' instead of 'labourers' or 'workers'. The entire population in the society is producers only.

Whether in the exploitative society or in the new society, factors necessary for 'production' are the same. They are (1) means of production and (2) the living labour of the producers.

To say the same thing in other words, 'the process of value formation' in any society is the same. Value=**c+v+s**. However, the class that does not do any labour uses **s** portion in the exploitative society. In the society where there is no exploitation, those who use **v** alone will use **s** as well.

In the capitalist society, we find 'surplus value' both in the 'simple reproduction' as well as 'expanded reproduction'. But, under the 'new' society, we find 'surplus value' only in 'expanded reproduction'. There will be no surplus value in 'simple reproduction'.

In order to correctly understand the components of value in any society, we have to begin with 'simple reproduction'.

The value of commodity in the capitalist simple reproduction is **c+v+s**. Here **s** is surplus value. The capitalist class uses up this **s** for its maintenance. It does not convert some portion of **s** into 'new capital'. Hence, the reproduction process will take place at the old scale **c+v** only. That is why, it is simple reproduction. If it is in the 'expanded reproduction', some portion of **s** will convert into new capital. Due to this, the subsequently occurring production process will take place with a somewhat 'increased **c+v**'. Hence, it is 'expanded reproduction'.

Under capitalism, whether in simple reproduction or expanded reproduction, the commodity value consists of 3 parts, namely, **c+v+s**.

But in the 'new society' value calculations will be somewhat different. (We have seen these things to some extent in chapter on 'expansion of capital' in part 1 of this volume. We have to combine both the things that we said there as well as here).

We have said in this chapter alone, that under capitalism, we can see market price and production price only but not 'value'. Can we see 'value' in the 'new society'? Here we have to understand this question as well.

(1) Simple reproduction in the 'new society':

Producers 'produce' again only as much value as they consume both at home and outside. Therefore, here, 'surplus value' will not be there.

Yet, here also, the 'surplus labour' of producers has to exist in 2 parts.

1) The portion of 'wages' that comes into their hands. This is **v**.

2) The 'social fund' that they leave for societal needs. Let us call it 'social fund'. 'Societal needs' mean, they are also the needs of the producers only. This part will also be spent for the sake of producers.

Which means, producers, on the one hand use **v+sf** for their personal needs at home and outside and on the other hand produce again the same **v+sf** at the 'work places'.

Suppose the value of 10 tons of cotton is 200.

Let us say it consists of 50c+100v+50sf.

In this example, what the producers use both at home and outside are 150. That is, producers, while using 150, produce again 150. Here there is no surplus value. They give back only what they spent.

Here, what is the cost price? What is the 'value'?

All the three, **c+v+sf**, were spent originally. Their total is 200. This itself is the cost price. Since there is no 'surplus value' here, there is nothing that adds to the cost price. Hence, this itself is the 'value'.

The expenditure of 'means of production' **(c)** that is necessary for the 'process of production' in a given branch is obvious. The expenditure of those producers, namely, **v+sf** too, is obvious. That is, the total of these '**c+v+sf**' is the value spent on the new production. More value than that has not been spent on that production. The value of the 'new production' is nothing but the value spent on it. Same is the 'cost price' and 'value' as well. Which means, cost price and value are same here.

Since **v** and **sf** together constitute 'living labour', we may refer it with a single letter **L** (Labour). That is, producers, while using **L** both at home and outside and give the same **L** again. The commodity value, briefly, consists of **c+L**.

Well, then **c** is a symbol for 'constant capital', isn't it? We have called the means of production of the new society as 'means of production' only, instead of 'constant capital'. Therefore, it is correct to use the symbol **mp** (means of production) for that portion. This, we have seen before also.

In the capitalist society, terms like rent, interest and profit express capitalist relations. These are apt expressions of the character of the society. If there is no 'relationship' called 'rent' in the 'new society', even this term will not exist. It is the same case with 'interest' and 'profit' as well. These kinds of terms should gradually disappear in the 'new society'. Yet certain kinds of terms should change in such a way that they express the new character. For example, the term 'constant capital' into 'means of production'.

'Value of the production' under the 'new society':

Means of production + Labour of producers

mp + **L**

However, so far, we are accustomed to the use of the terms, namely, 'c+v+s' to refer the 'value'. Now, if we want to abandon these terms completely and use the new ones, it appears to be somewhat confusing in the beginning. Therefore, while using both old and new terms together until we are accustomed to the new words, we have to gradually abandon the old terms completely.

We have to understand the 'simple reproduction' in the 'new society' in so many ways as follows: **c+v+sf** or **c+L** or **mp+L**.

It is easy to calculate the 'value' of the simple reproduction because all the elements spent on it are obvious and because cost price itself is value.

We have to get hold of the right way to calculate the 'expanded reproduction'.

(2) 'Expanded reproduction' in the 'new society':

Here, there will be 'surplus value'. Let us call it **s** for the present.

When we speak of 'expanded reproduction' in a given branch, producers, while using **v+sf**, have to give some more value than that. It means that they give some more value than what they use. That itself is 'surplus labour'. It gives 'surplus production'.

Suppose they use that 'surplus production' to expand the 'means of production' later. If we expand means of production in a society where all persons do labour, it will be some thing that is done for the sake of all people.

Suppose 'expanded reproduction' takes place in all the branches. The 'surplus production', which the entire society gave, will be useful to the needs of that society only. Which means, 'surplus production' here is spent on the needs of those who produced it. And there will not be a situation where it goes to 'those who do not do labour' since there will not be any one who does not do labour here.

We took 10 tonnes of cotton in the simple reproduction.

We have seen its value as '50c+100v+50sf=200'.

Value of 1 tonne—20.

When in the 'expanded reproduction', the value of 1 tonne will be as 20 only.

Suppose we have to raise production by 10% in the 'expanded reproduction'. That is, now we need 11 tonnes of cotton, instead of 10 tonnes. For this purpose, means of production and 'living labour' have to rise by 10%.

We have to take raw materials, auxiliary materials etc., from the reserve in large quantities. Fixed means will always be ready in the work place. We may use them to any large extent.

Means of production for 11 tonnes : 50c + 5c = 55c.

Living labour for 11 tonnes : 150v,sf + 15s = 165L.

Let us call the total labour (living labour) of the producers, that is 165 in this example, **L**.

Some portion of this **L** will be reproduced and the remaining portion will be newly produced.

The portion that is reproduced is $\mathbf{L_1}$. This is 150. Let us say that this consists of 100v+50sf. The newly produced portion is $\mathbf{L_2}$. This is 15. This is surplus labour. That is surplus value. Owing to this portion alone, this production process becomes 'expanded reproduction'.

Here we have to clarify one point. We have divided L into 2 parts, as $\mathbf{L_1}$ and $\mathbf{L_2}$. What sort of difference does this division express? Does it mean that $\mathbf{L_1}$ represents portion of wages and $\mathbf{L_2}$ represents social fund? No. This is not the meaning of this division. $\mathbf{L_1}$ means the portion to be reproduced. $\mathbf{L_2}$ means the portion of surplus labour. The division is meant to indicate this distinction.

Then, will $\mathbf{L_2}$ alone be social fund? Will some part of $\mathbf{L_1}$ also be social fund? This depends upon the examples that we take.

If the entire $\mathbf{L_2}$ is enough as social fund, then the entire $\mathbf{L_1}$ can constitute the portion of wages. Or, if the $\mathbf{L_2}$ alone is not enough as social fund, some part from $\mathbf{L_1}$ too will be needed as social fund.

Let us see some ways in which 'Living labour' (L) is divided.

(1) Suppose the entire $\mathbf{L_1}$ is the portion of wage and the entire $\mathbf{L_2}$ is the social fund. Then the commodity-value will be as follows:

Means of production	+	Reproduced Labour	+	New Labour
C	+	$\mathbf{L_1}$	+	$\mathbf{L_2}$
(C	+	**V**	+	**S)**

(2) Or, let us see in another way.

The entire $\mathbf{L_2}$ is new labour. Suppose this stands as 'social fund' every time. While this is so, we have taken a decision to increase wages than before, though productive power has not increased. Thenceforth, the portion of wage in the Living labour increases and the portion of social fund decreases. Which means, the portion of $\mathbf{L_1}$ increases and the portion of $\mathbf{L_2}$ decreases.

Even then the commodity value = C + $\mathbf{L_1}$ + $\mathbf{L_2}$.

(3) Or, let us see in yet another way.

Some portion in $\mathbf{L_1}$ is wage and the remaining is social fund.

The entire $\mathbf{L_2}$ is social fund.

Then the commodity value would be as follows:

Means of production	+	Reproduced Labour	+	New Labour
C	+	$\mathbf{L_1}$	+	$\mathbf{L_2}$
(C	+	$\mathbf{V+Sf_1}$	+	$\mathbf{Sf_2)}$

Thus, when we divide the entire living labour (**L**) as the reproduced portion and as the portion of new labour (as $\mathbf{L_1}$ + $\mathbf{L_2}$), the proportions of wages and social fund depend on the needs of the society in a given stage. The person who does labour alone will get both the portions.

Let us take the issue of 'education' in the new society. It is the parents who have to bear all the expenses connected with the education of the children. That is, parents have to do that whole labour. If they have to spend on those items from their wages, then the portion of wages will be more and the portion of social fund will be less. Or, if they have to spend on those items from the social fund, then the portion of wages will be less and the portion of social fund will be more. Whatever be the size of those two portions, it is the parents of the children who give those 2 portions.

It is the same case with the expenses connected with 'medical care', 'transport' and any other expenses.

If the portion of 'wages' is more, producers have to satisfy the necessaries of life individually and separately at their personal level.

Or, if the portion of 'social fund' is more, there will be many opportunities to organise schools, hospitals, means of transport etc., as common institutions and with common responsibility.

As the establishment of common/collective enterprises and correct methods of organising them go ton taking place, then it would stabilise the common/collective relationships. Therefore, the question whether portion of wages is more or portion of social fund is more depends on the stage in which the formation of new society is.

A point that we have to note here with very special attention is that 'availability of the portion of social fund' itself is not a real indication of the 'new character'. The 'newness' of a given society depends upon the question as to 'how properly that portion of the social fund is being utilised for the purpose of establishing new relations. There may be many ways of spending that social fund very wrongly. Hence, availability of the portion of social fund alone is not an indication of 'collectivity'.

Now let us again come to our example of expanded reproduction.

In this example, we assumed $\mathbf{L_1}$ as 150 (this, we assumed as 100v+50sf) and $\mathbf{L_2}$ as 15 (this is surplus labour).

While this 'expanded reproduction' is carried out, producers, while using '150v' and **sf** at home and outside, give 165 labour in the work place during that period. That is, cost price and value of the new products made here will not be alike. Value will be higher than the cost price.

But, the value of 1 tonne will not change at all.

Cost price of 11 tonnes : $55\mathbf{c}+150\mathbf{L_1}$ = 205.

Value of 11 tonnes : $55\mathbf{c}+150\mathbf{L_1}+15\mathbf{L_2}$ = 220.

Value of 1 tonne :..... = 20.

(We have seen many points concerning these value calculations in the section 'Reproduction in the new society' of chapter 'Expansion of Capital' in part 1 of this volume. We have to add those points to this and understand the issue).

What we have seen, so far, regarding 'Reproduction' is:

There will be no surplus value in the 'Simple Reproduction' under the 'new society'. Hence, cost price and value are identical in such an example.

There will be 'surplus value' in Expanded Reproduction. In such an example, 'value' will be higher than the 'cost price'.

In this manner, we will be able to calculate the value of 'expanded reproduction' in a given branch.

If we raise production in the 'cotton-branch' by 10%, the same thing does not happen in every branch. Growth of production may be 5% in

another branch, 8% in a third branch and so on. Their costs and values will be according to the growth in production.

(3) The impact of s and d in the 'new society':

If the value of an article is 2 rupees, this value need not change as 'production price' (a price that may be somewhat higher or lower than the value) in the new society. It is because, in this society, there is no such prerequisite as 'equal profits' to capitals of different branches.

Similarly, that value need not change into a 'market price' (a price that may be somewhat higher or lower than the value) because **s** and **d** will be equal here. Or, even if **s** and **d** are not equal in a given situation, price need not deviate either above or below the value. It is because that, here, if we fix a price to a product, the situation will be such that it is sold at that fixed price irrespective of **s** and **d**. Which means, market conditions will not be 'anarchic'. That is, finally 'value' itself is price here. This alone is the 'general law' of price in the 'new society'.

However, the supply of agricultural products will not be as per definite plan, however much definitely we may plan the products required for the society. Since the agricultural products depend on the changes in the 'nature', these products will be either more or less than the 'plan'. Yet, price need not deviate from the 'value' even on such occasions.

According to the 'law of value', it is a common occurrence that, when production rises, the labour time necessary for 1 unit decreases and thus value and thereby price fall; and if it happens to the contrary, value and thereby price rise. The same thing happens even in the new society. However, the question is whether the price so formed will also change further due to **s** and **d**. It does not happen like that. A given value at a given point of time stands as price. That price need not either rise of fall further due to **s** and **d**.

For example, the value of an article is 2 rupees. Same is the price. Suppose, later, supply decreased, 'labour necessary for the article' increased and the value of the article has become 2.20. Now, the price is also the same (as value). In this context price rise is natural.

But, will this price rise above 2.20 since supply is less now (since demand grows due to this)?

Same thing, however, happens under capitalism. In such a situation, the capitalists raise the price and increase their profit. Only those who can afford to pay that price will buy that commodity. Those who cannot afford will not get that commodity.

But, it should happen like that in the 'new society'. If there is less production, people who use it have to reduce their consumption to some extent. All those who need it should get that product at the rate that ought to be. A situation should arise wherein only few people buy it at a higher price and other people cannot receive it at all. Which means, here price need not rise due to **s** and **d**.

Similarly, price need not fall due to **s** and **d**.

Suppose the value of an article is 2 rupees. Price is also the same.

Later, supply rose, 'labour time necessary for the article' decreased and the value of the article became, let us say, 1.80. Now, same is the price. In this context it is natural for the price to fall.

But, will this price further fall than 1.80 since supply at the moment is high (since demand falls compared to the supply)?

This happens so under capitalism. It is because, every one will compete to sell their respective commodity in a situation where **s** is high. They try to sell off the entire commodity even by reducing the price (They may not be able to sell all the commodities even in this way. It is a very different problem).

But, we need not do so in the 'new society'. We may carefully store the excess production and reduce the next crop. Even in the case of products like 'milk' that cannot be stored for a long time, we may plan in such a way that we need not reduce the price less than the value due to 'increase in supply'.

In the 'new society', 'demand' depends on natural requirements and does not vary according to fluctuations in the supply or for the price to vary according to the demand. If the production increases, we may store some portion and if it decreases, we may reduce its consumption. Those problems will be solved by means of these natural changes only.

Suppose, 'new society' has begun in a given country. Let us say that in that society, they are going to fix the price in the following way.

They take some 'general rate of profit' in the society. Let us say, it is 10%. Suppose they add 'general profit' to the cost of means of production and wages and fix that total sum as the price. Let us say that they sell that commodity at that price. Let us assume they do the same thing in every branch.

Is this a correct method of fixing prices in the 'new society'? No. It is because, fixing the price by adding some general profit (that is **'p'**) on **c+v** and thus fixing the total of '**c+v+p**' as 'price' amount to fixing 'production price' and not 'value' as the price. When 'production prices' are fixed as prices in this manner for all the branches, those prices will be such prices that deviate from the values. This is a 'capitalistic method' of fixing price and is not appropriate to the 'new society'. There is no doubt that the totality of the price so fixed will be equal to the totality of values. But this point is not relevant here. We should have a clear understanding of 'value'. Fixing price by way of '**c+v+p**' will not allow us to grasp the fact, namely, 'actual value'. Moreover, it implies that we are obliged to add 'general profit' to the 'cost price' in order to fix the price in any branch. For the 'new society', the very terms such as 'profit' and 'general rate of profit' are disgusting terms.

The term 'social fund' instead of 'profit', and

The term 'rate of social fund' instead of 'profit rate' what we need is not simply changing of the names. It is not 'value' that is fixed in this way.

Hence, while fixing the 'values' for the products, the 'new society' should proceed consciously with an understanding that is correct and hitherto non-existent. The methods that we are discussing may not be fully adequate as yet. We have to develop appropriate methods through experiences.

'Formation of new society', that is 'abolition of capitalist system' takes place through many stages. All the changes that are required to eliminate exchanges and money circulation have to pass through those stages. Even after the elimination of money circulation, we have to distribute different kinds of labour in a systematic manner among various branches of production. There will be no such society that does not require this kind of regulation of labour time. This means that calculations concerning labour time will be necessary in the 'new society' as well.

Therefore, we may consider these calculations of labour time, in another sense, as value calculations.

Let us hear Marx's words concerning this issue.

"In the first place, it is a false abstraction to regard a nation whose mode of production is based upon value, and furthermore is capitalistically organised, as an aggregate body working merely for the satisfaction of the national wants. Secondly, after the abolition of the capitalist mode of production, but still retaining social production, the determination of value continues to prevail in the sense that the regulation of labour time and the distribution of social labour among the various production groups, ultimately the book-keeping encompassing all this, become more essential than ever." (Capital, volume 3, p.851)

28. Workers of the world, unite!

What sort of relationship arises between the workers and capitalists when all the capitalists distribute among themselves the 'mass of surplus value' produced by all the workers? We have discussed this point earlier a little. We have to recall it and then see other points here.

First let us keep one country in view. Let us consider all the total branches of production in the country as 2 branches. One branch is with a high composition and another is with less composition. Each branch has only one capitalist. There are two capitalists for the 2 branches taken together.

Value of the commodity of 1st branch : 10c + 90v + 90s = 190.

Value of the commodity of 2nd branch : 90c + 10v + 10s = 110.

While workers in the 1st branch produced '90 surplus value', the workers in the 2nd branch produced '10 surplus value'. The 'production prices' will be formed as follows in order to share the surplus values equally.

Production price of the 1st commodity : 10c + 90v + 50p= 150.

Production price of the 2nd commodity: 90c + 10v + 50p= 150.

Suppose these commodities are sold out at these production prices only. What has happened here is that, 50 out of 90 surplus value produced in the 1st branch remained with the capitalist of that branch and 40 surplus

value went to the capitalist of the 2nd branch. The capitalist of this 2nd branch got, along with the 10 surplus value of his own branch, a surplus value of 40 from the 1st branch and thus got a total of surplus value of 50. Thus, the capitalists of the 2 branches got equal surplus value.

The capitalist of the 1st branch leaves some portion of the surplus value, which his workers produced for the sake of the capitalist of the 2nd branch. This means, the capitalist of the 2nd branch takes the surplus value of the labourers, who are not connected with him (whom he does not pay wages).

If the commodity prices vary a little from the present level, the distribution of surplus value too varies a little. But we have to keep always in view the production prices only.

Thus, **under capitalism where prices are not equal to values, no capitalist would get the surplus value of his own workers 'as it is'.**

If we see this issue from the side of the workers: If the capitalist of each branch singly gets the surplus value of the workers of his own branch, it means that capitalist of each branch is singly exploiting the workers of his own branch. Then, the workers of each branch have to fight against the capitalist of their own branch only. But it is not the situation. If we see the issue from the workers of the 1st branch, the capitalists of both the branches are eating the surplus value of these workers (of the 1st branch). Therefore, the workers have to fight against the capitalists of both the branches. If the workers of the 1st branch have to fight against the capitalists of the 2 branches, they have to do so together with the workers of the 2nd branch. Similarly, if we look at the issue from the side of workers of 2nd branch: though the capitalist of the 2nd branch is eating surplus value of the workers of his own branch, he is eating the surplus value of the 1st branch as well. In this manner (that is, by taking 'general rate of profit), he is able to exist as a capitalist. Hence, in order to fight against this fellow, the workers of the 2nd branch have to combine with the workers of the 1st branch and wage the struggle. Here there is a definite reason as to why workers of one branch have to join in with the workers of the other branch. The essence of the matter is that the workers of both the branches have to jointly fight against the capitalists of both the branches and see that the capitalists don't snatch their surplus value. They have to establish such a society where some persons do not snatch the surplus

value of others. It is a programme that workers have to conduct collectively.

Here, to make our example simple, we have divided the entire society into 2 branches only. But in real life, there will be thousands of branches in the society. In those branches, surplus value from some branches goes into other branches. It is not possible to identify the particular branches from and into which the surplus value flows. But as a general principle, surplus value flows from branches whose composition is lower than the average (that is, less constant and more variable) and to those branches with a composition higher than the average. Only if it happens like this, it is possible for all the capitalists to share the 'mass of social surplus value' equally.

Hence, the antagonism is not simply between the workers of a given work place and their capitalist but also between these workers and all other capitalists as well. Antagonism between workers and every capitalist at every work place. Which means, antagonism between the working class and the capitalist class!

An antagonistic relation between the class that does labour and the class that exploits labour has been there since the days of 'slave-owing society'. Slave masters exploit the surplus labour (surplus products) of the slaves. They sell and buy slaves from each other. The masters sell and buy from each other some portions of the products produced by the slaves. If the supply and demand of these commodities diverge from each other prices will deviate from the values: either above or below. A slave master may get a portion of surplus value of other slaves or lose a portion of surplus value of his own slaves to other masters. But, commodity exchanges in slave society and the feudal society are very low in number. Hence, appropriation of surplus value of the slaves of one master by another master is negligible. That is, since 'commodity production' is not a generalised phenomenon, appropriation of surplus value of one master by another is also not a generalised phenomenon. Appropriation of 'surplus products' under these societies is not interwoven with commodity exchange (sale) relations of capitalists, as in the capitalist society. Therefore, a master in slave and feudal society is able to appropriate the 'surplus production' of his labourers almost as it is.

Yet, in these societies, all the slaves constitute one 'class' and all

the masters into another class; similarly, all the feudal peasants constitute one class and all the feudal lords into another class because of such facts as: doing labour and exploiting labour. Only these facts, in any exploitative society, make the labouring population into one class and the labour-exploiting population into another class. In the capitalist society, to these facts, other facts also add, namely, 'development of commodity production' and distribution of social surplus value by all the exploiters equally. Hence, the 2 classes, namely, class that does labour and the class that exploits labour will be in a 'more' concentrated form in the capitalist society than in slave and feudal societies.

The immediate (first) relationship between a worker and his master is a 'class relationship'. Only later, it is a 'personal relationship'. The relationship that this worker has with other capitalists, who are not his masters, is a class relationship only. He will not have 'personal relationship' with them.

Both in the working class as well as the capitalist class, separate individuals will always perish. But, **as long as 'exploitation' exists, classes and class relations continue.**

Some capitalists within the capitalist class perish because, amidst cut throat competition among the capitalists and price fluctuations, some capitalists on some occasions not only don't get profits but also they don't get back their cost prices either. Incidents of 'losing capitals' due to heavy losses may also occur in all the branches.

Some workers within the working class perish because the wages of certain kinds of 'labour' will be higher than the 'average value of labour power' while others will be lower. Especially in the case of manual labours, a large number of people in these sections do not always get minimum means of subsistence and hence always perish.

'Wage' is not a factor that keeps each individual worker alive in a guaranteed manner. It is a factor that prevents the perishing of all the workers despite perishing of many workers. This means, the **totality of the wages is the value of labour power of the working class.** An individual wage is the value of labour power of an individual worker. Yet, this principle (the principle that 'wage is the value of labour power') may not apply to every individual context.

What the working class requires for its survival is:
value of labour Power.

What the capitalist class requires for its survival is:
surplus value.

These 2 factors are keeping the 2 classes alive. Reproduction processes continue to take place year after year in such a way that these classes get their values (value of labour power, surplus value) while exploitation of labour goes on. In this process, if there is no intervention of the class conscious workers, the antagonistic relations between the 2 classes will continue as they are despite the fact that some capitalists in the capitalist class lose their capitals and many workers lose their lives.

This fact applies as it is not only to individual countries but also to the entire world. **'Foreign trade' among the countries is a prerequisite to capitalism.** Capitalism does not exist if there is no 'world market'. While one country sells or buys commodities from another country, those exchanges generally take place on the basis of equality of 'market prices' but not 'values'. Thus, same portion of surplus value of workers of one country may go to the capitalists of another country. Surplus value of workers of one country may go to the capitalists of any other country. This means, the entire capitalist class in the world will distribute within itself the surplus value that the entire working class in the world gives. Thus, **the world capitalist class exploits the world working class.**

A capitalist, let him be in any corner of any country, is not an isolated individual away from the world production relations. He is a part of the world capitalist class. An atom.

'World labour power' is opposed to the 'world capital'. The world capital'. The world capitalist class and the world working class are mutually antagonistic classes.

After the emergence of capitalism, the so-called 'mother land' will disappear both for the working class and the capitalist class. It appears with a meaning that is appropriate to a given class.

The capitalist undertakes production in any country. He buys commodities from any country. He sells commodities to any country. In his view, sphere of production and sphere of circulation extend from one country to the whole world. Simply with this 'money motive', the fellow

will 'grow' from 'narrow minded patriotism' to 'broad-minded internationalism'.

But the 'patriotism' still lingers on the heart of such capitalists who have not yet secured the efficiency and capitals necessary for undertaking production anywhere in the world and for conducting foreign trade. Their hearts overflow with 'patriotism'. To such a capitalist, his own 'mother land' is the 'best land'! Most holy land in the world! Moreover, this 'mother-country', which is harassed by foreign, exploitative villains with a stream of tears, cries for the help of this capitalist son to save her. Since then, this capitalist-son-of-the-soil make valorous oaths that he would not allow the sale of foreign commodities in his country (he would sell his commodities in foreign countries if possible); that he would not let the foreign capitalists stay in his country; that he would give up his life to protect his holy land from the clutches of foreign villains and so on. The inner meaning of these valourous and brave oaths is simply this: 'I will keep to myself all the profits that I grab from the workers of this country. I will not give any share in this loot'. But, it will not look nice if he says openly, isn't it? Instead of saying thus, 'I will lay down my life for the sake of exploiting the workers of this country for myself', he changes words and says thus, and 'I will give up even my life for the protection of my motherland'. All of us know his real meaning when he speaks of 'protecting mother land'. Both the foreign fellow, who grabs the motherland and the native fellow, who protects it, have the same programme. It is a programme that exploits day and night the labouring population living on that 'holy mother land', that keeps them in constant poverty and that converts their blood and flesh, comfort and peace into masses of profits! All this jugglery with the words like 'native' and 'foreign', valourous shouts and oaths, lion-like roaring etc., of the bandits of exploitation all these are for the sake of this holy task only.

If we examine the concept of 'motherland' from the natural and working class perspective, it is the land on which one is born and which serves as the basis for one's labour. 'Love for the mother country' means, love that we develop for the place where we were born and on which we depend for our life.

Every person is born somewhere or the other on the earth. He/she: is accustomed to a particular place; becomes part of the nature there consisting of many natural things animals, birds, trees, rivers, crops,

climate and so on. A person, who establishes a labour-relationship with that land, will retain his/her love for that land and the nature there.

When viewed from this perspective, 'motherland' is only that land on which one has been living since childhood and with which one has an acquaintance. Every person will have one such lovable land in the world. Besides this aspect that land will not have any more greatness than other lands in the world. Though people are taught to consider 'some land' as their 'native country' in a political sense, there is no such rule that people in that country should have love for each and every place in that country. Any land/place that is unknown and with which there is no connection amounts to a 'foreign country'.

Any person can have a 'mother land' without 'mother land chauvinism', just as one has an own house amidst many houses. To say the same thing in other words, 'mother land' can be there, but without 'mother land chauvinism'!

For the workers who ought to understand each and every issue with a 'natural perspective', the whole world is one. For the 'world working class', whole world is one also due to the fact that the 'world capitalist class' is exploiting it. From this viewpoint, workers do not have such expressions as 'native country' and 'foreign country' except that those expressions have such distinction as 'our house' and 'your house'

The natural meaning of the word 'country' is simply 'a place on the earth'. In a world where there is no system of 'private property', property rights and rights connected with the 'boarders' will vanish. Boarders for a given place are necessary only with a view to enable a given population to organise a given place. This does not happen as a matter of 'property right'. Simply for the purpose of organising things. That is, simply with a 'use value' perspective instead of 'value perspective'.

But here we are using the words 'native country' and 'foreign country' in the capitalistic sense. That is, 'country' means an administrative region' in the political sense. The capitalist class and its State (Government) alone will have a right, akin to property right over a given country. Right from the beginning of the chapter 'capitalist price', we have seen many and most difficult issues concerning 'values', 'prices' and 'wages'. But finally, we may state the whole thing in a very simple manner. Whatever applies to a commodity concerning value calculations,

it also applies to the 'mass of world production'. Even if production processes are organised by gigantic enterprises, where thousands of capitalists jointly invest capital instead by a small-scale production enterprise whose owner is a single capitalist, principles concerning value calculations will not change. Either in the case of an individual commodity or a gigantic mass of commodities, surplus value is that which remains after deducting cost price from the market price. This law is the same wherever it operates. Whatever be the productive forces of a given country, whatever be the commodity prices of a given country and whatever be the wages of a given country¾all such differences are irrelevant here. **What remains after deducting the total cost prices from the total of market prices of the 'mass of world commodities' is¾'world surplus value'!** The entire world exploiting class eats it with relish and meanness!

As capitalism develops and as trade relations and capital relations develop among countries, the need for the unity of the 'workers of the world' also grows.

Workers can unite together only when workers of other countries co-operate with the struggles of a given country.

Workers of the world, let us unite!

We don't have anything to lose, except chains!!

Now we see some words from the 'Manifesto of the Communist Party' (Moscow 1973, pages: 71,72, 76):

> "The communists are further reproached with desiring to abolish countries and nationality. The working men have no country. We can not take from them what they have not got. Since the proletariat must first of all acquire political supremacy, must rise to be the leading class of the nation, must constitute itself the nation, it is, so far, itself national, though not in the bourgeois sense of the word...United action...is one of the first conditions for the emancipation the proletariat."
>
> "Let the ruling classes tremble at a Communist revolution. The proletarians have nothing to lose but their chains. They have a world to win."
>
> **"Working men of all countries, unite!"**

29. Engels reply to Loria, who criticised Marx:

In volume 1 of his 'Capital', Marx stated that 'values themselves stand as price'. But in volume 3, he concluded that prices under capitalism deviate above or below the values. Seeing this, capitalist economists felt joy with meanness thinking that Marx's theory has wholly become full of contradictions. All the 'intellectuals' who were hopefully waiting to discover some mistake or the other in Marx finally found this 'great blunder'. Ignoring the causes and details that Marx showed while explaining as 'how prices deviate from the values', they concluded that Marx made an utter haphazard formulation, namely, 'prices deviate from the values'! They remained deaf to the argument that if that is haphazard, it springs from capitalism alone. They did not explain as how capitals of equal magnitude get equal profits if prices do not deviate from values. They tried to set aside all of the Marx's arguments with sarcasm and ridicule as if his formulations are senseless writings.

Loria, an Italian economist, criticises Marx with sarcasm as follows (In F. Engels: On Marx's 'Capital', Moscow edition 1972, pp:97-121).

> "Matters are not helped by Marx's saying that despite the divergence of individual prices from individual values the total price of all commodities always coincides with their total value, or the amount of labour contained in the totality of the commodities. For inasmuch as value is nothing more than the exchange ratio between one commodity and another, the very concept of a total value is an absurdity, nonsense..."(p.100). "Was there ever such an utter *reductio ad absurdum,* such complete theoretical bankruptcy? Was ever scientific suicide committed with greater pomp and more solemnity!"(p.101).

Loria, who thus criticised Marx, praised Engels with much surprise for making 2nd and 3rd volumes of 'capital' after Marx's death. Loria's surprise was that Engels did all this due to his 'pious friendship' for Marx; otherwise why should he bring in all this senseless haphazard writings of Marx in print. Loria astonished at each step and exhibited his 'senselessness' as follows:

> "Is it really true that Marx wrote, with the intention of publication, this mixture of disconnected notes that Engels, with pious friendship, has compiled? Is it indeed certain that Marx would have published

that chapter on the average rate of profit, in which solution, promised for so many years, is reduced to the most dismal mystification, to the most vulgar playing with phrases?"(p.103)... Thus, Loria showered many questions.

Keeping in view this kind of criticism on Marx's formulations, Engels wrote as follows in an essay (Marx was not alive by that time).

"Law of value and rate of profit: It was to be expected that the solution of the apparent contradiction between these two factors would lead to debates just as must after, as before, the publication of Marx's text. Some were prepared for a complete miracle, and find themselves disappointed because they see a simple, rational, prosaically sober solution of the contradiction instead of the hocus-pocus they had expected. Most joyfully disappointed of course is the well-known, illustrious Loria."(p.100).

Engels laments for he was subjected to the praises of a person like Loria. "...Another load of praise comes pouring down on my unlucky self", lamenting thus, Engels strongly criticised the 'self-boasting', 'stupidity' and 'plagiarism' of Loria in his essay. Describing Loria as a person who is 'well-known through his fame', Engels answered all the senseless gibes of Loria. "...he boldly maintains that Marx adorns himself with borrowed plumes just as he himself does."

Questions :

1. What does a 'simple commodity' mean? What does a 'capitalist commodity' mean?
2. There are '3 branches in all' in the society. The details of those products are as follows:

   Value of the products of 1st branch : 40c + 60v + 120s.

   Value of the products of 2nd branch: 30c + 70v + 150s.

   Value of the products of 3rd branch : 90c + 10v + 150s.

   What is the general profit rate here? How can the production prices of these branches form?
3. Value of a commodity:5c+7v+7s. Of this, what is the value of living labour?

4. Ask a capitalist thus, 'How much profit rate do you to add to your capital?'. Suppose, he says it as 10%. Ask him thus, 'why don't you add 50%? All that is what you add, isn't it? Don't you like 50%'. Write what he says?
5. A capital is 100. Production period is 1 month. There is no circulation period. What is the total annual magnitude of this capital?
6. There are 2 sections of a class in a school. There are 30 children in one section. The average marks in a section are 50. There are 23 children in a section. The average marks, in that section, in the same kind of examination, are 55. What is the school average in both the sections taken together?
7. Value of a commodity in a given branch is 10c+20v+20s. The general rate of profit is 50%. What is the production price of this commodity?
8. 100 tonnes of cotton grew in a year. 10 tonnes of cotton of the previous year has remained unused. By the end of the current year, 10 tonnes of cotton will have remained unused. What is the consumption of cotton during the current year?
9. The supply of a commodity has risen by 10% and demand has fallen by 20%. What is the condition of s and d? s has risen by 10% and d has risen 20%. What is the situation?
10. What is the difference between the rise in the price due to failure of the cotton crop and the rise in the price due to a rise in d than s?
11. You have purchased a blanket at 9. Your friend also purchased the same kind of blanket in the same shop on the same day at 10. What is the market price of that blanket?
12. The total number of branches is 2. The value of the production in a branch is 300. Value of production in another branch is 200. Is it possible for the market prices to be as 305 and 210?
13. Which is correct and which is wrong among the statements given here.
    (1) Prices will be higher than the values in all the branches. Or, they will be lower than the values in all the branches.
    (2) Prices will be higher than the values in some branches and lower than the values in branches.

(3) Capitalist produces only as much amount of commodity as he can sell.

(4) 'General rate of profit' means, the average rate concerning different capitals in the same branch.

(5) Inequality of s **and** d **means** s **is more and** d **is less.**

(6) Capital gets profit depending on the kind of commodity it is producing.

(7) When prices deviate from the values. The total of the surplus value too changes.

(8) We can know the amount of value in an article by looking at it.

(9) If wages rise, commodity values rise.

(10) Commodity and money are not two different things. Both are different forms of the same thing. If we get one, we don't get another.

14. Fill in the blanks.

(1) General rate of profit means, a profit rate that a capitalist gets after distributing the entire _____ of the society to the total _____.

(2) Formula for 'value' _____.
Formula for 'production 'price': _____.
Formula for 'market price': _____.

(3) The name of the living labour during the production of a chair _____.

(4) Cause for transformation of value into production price _____.

(5) The value of the commodities produced with the cost prices of the same size will not be the same because _____.

(6) Changes in the 'constant portion' _____.
Changes in the 'variable portion' _____.

15. (1) Values alone stand as prices, (2) Equal profits to equal capitals how did Marx solve this problem while it remained as an unsolvable problem in Economics?

16. Different labours are performed in different branches in order to produce different kinds of articles, isn't it? Can we say that the productive powers of those labours are equal?

17. The value of commodity is 5. Production price is 6. Market price is 5. Finally, both the value and the market value have become the same. Does it mean that this value has not undergone any change and the value itself stands as price?

18. The price of an individual branch is 5. Its details are 3k+3p. What is the profit rate in this branch? What is the profit if price is 6 without a change in 'k'?

19. Have you (factory workers) ever seen employees called 'Factory Inspectors' who come into conflict with the capitalists in the interests of the workers?

20. There are 5 branches in the society. Their average rates of profit are 45%, 55%, 44%, 56% and 50% respectively. What is the general rate of profit?

21. Social capital is 3,60,00,000. General rate of profit is 40%. What is the mass of social surplus value? Production power has risen. Capital has increased. Will the general rate of profit change?

22. A capital in a work place is 720. 'k' is 600. General rate of profit is 50%. What is the production price?

23. There are 4 capitalists in the branch of 'coarse cloth'. Their market prices per 1 metre are as follows with minor variations: 1.50, 1.55, 1.48, and 1.52. What is the average market price of 1 metre cloth?

24. The value of cloth is 80c+20v+20s=120. (Let us suppose that value and price are the same). Out of this, capital is 100. Profit rate is 20%. Let us say that the general rate of profit in every branch is 20%. While this is so, the price in the cloth branch alone has risen to 140 without a change in any other conditions and the prices in other branches. (In fact this does not happen like this. But let us

suppose this way). Then what is the profit rate of the cloth fellow? What is the profit rate in other branches?

25. The value of cloth is '80c+20v+20s=120'. While this is so, the cloth-fellow, let us say, raises the price of his commodity without any reason to 10% and sells it for 132. Let us also suppose that the fellows in other branches too raised the prices of their commodities at the same level. Then at what price does the cloth fellow should buy the c, which he used to buy for 80 in the past? As the prices of the 'means of subsistence of the workers sold in other branches' too rise at the same level, to what extent should the cloth fellow raise v now? What will be the expenditure of capital for the cloth fellow after he raises c+v? If he sells the cloth for 132, what will be the profit now? (If the capitalists raise the prices in all the branches at the same level, the profit rate would be 20% as before. However high one may raise the prices, the profit rate will not rise if all fellows do the same thing. If we do this sum, we have to get the same solution. Do this sum, don't leave it!

26. "If we buy articles from foreign countries, our money leaves us and we get only the articles. But, if we buy articles within the native country, both articles and money will remain with us", says an economist called 'Ingarsal'. Is this right or wrong? If it is wrong, how? If it is right, how? Explain this by means of gold money and paper money as well.

27. Tell the names of money units of different countries. Also tell the current exchange rates between 4 or 5 money units.

28. Can the Government of a country print as much money as it wants? Why does it borrow loans from other countries? In what form should it form should it borrow loans from other countries?

29. Production of paddy has fallen due to crop failure. Price has risen. Has the price risen due to a rise in the 'value', due to the fall in the 'supply'? Are both the same?

30. Social capital is 2,00,000. Its average composition is '40c : 1v'. Rate of surplus value is 200%. What is the mass of surplus value?

31. "Why does profit rate keep falling, saint?, our capitalist has thus asked the half naked Baba, isn't it? All others also came there to ask

that Baba some thing, isn't it? What sort of questions would they put?

32. Gather the examples of the following sort: "Prices in all the countries have risen during the second world war"; "Compared to the 1946 prices, all prices in Brazil have risen 25 times in 1959"; "In so and so country, in so and so period, people used to get a little salt by giving a big bag of rupees".

33. Take the same example of A,B,C and D (as given in the main text of this chapter) here as well. B has to send 100 rupees to A. C has to send 25 dollars to d. B remits 25 dollars in the dollar bank and tells the bank thus, "Send 100 rupees to A". Similarly, c remits 100 rupees and tells thus, "Send 25 dollars to D". Explain how foreign money comes due to export and how it goes due to the import in the 2 countries in this example.

34. Special to Artists: Draw a picture that creates the idea of 'workers of the world unite'!

(Next to this, there is volume 3, the last volume, as well)

Contents of volume 3

Part 1: Relations of Capitalist Distribution

1. Merchant's Capital
2. Interest-bearing Capital
3. Land-Rent
4. Imperialism
5. Crises
6. Classes

- Marx's Questions to Workers

Part 2: Towards Classless Society

1. The New Society
2. Marxism: Not only Economics, but also Philosophy
3. Proletariat with 'Muck of all Ages'
4. Some Issues
5. An Imaginary Picture
6. Have you become a Marxist?

●

Index

Accidents 78, 597

Accumulation 110

Administration 273

Advertising capitalist 464

Advertising: its actual meaning, its objective, its costs, source of its costs, is it natural or unnatural?. is it productive or unproductive? 460-1, - in the past societies, slave-owner and advertising, feudal peasant and advertising 468, -in the new society 469, use of women 471

Aesthetics: aesthetic values of the exploitative societies 329

Agriculture and industry: under capitalism and the new society 103-4

Agriculture: its progress in modern times 104, under large-scale industry 102, use of machinery, its population, unemployment in- 103

Alienation: of workers from means of production 110

Antagonism: between the working class and the capitalist class, between slaves and slave masters, between the feudal peasants and the feudal lords 745

Army 178

'Arts' in the 'new' society 314

Auditor 162: how they prepare false accounts for the sake of properties people 668

Automatic machine 16, 42

Average labour 18

Average value 524

Bank employees: productive and unproductive nature of their labour 229-32

Banker 232

Barton 637

Beccaria: on division of labour 35

Book-keeping 432: isolated and collective, its costs, its need in the collective process of production 445-7

Bribes 277

Brothel-capitalist 237

Buying and selling: activities and employees, -in the view of capitalist 437, do their expenses increase the value? 433

Capital: its accumulation 331, its source 322, its sycophants 638, a historical relation of production 112, a transitional relation 115, equal profit for equal capitals 506, guild-capital 15, real capital 15, how entire capital distributes the mass of surplus value contained in the total of prices 723, its accumulation, its centralisation 331, 344, its

composition 498, its despotism 638, its expansion 382, its magnitude 528, its profit size 517, 522, its real objective 503, its source 322, under capitalism and in the new society 121

Capitalism: in agriculture 39, its emergence 747

Capitalist class and the working class 115

Capitalist cooperation 23

Capitalist economists: on the change of value of gold, their negligence of the category of labour, on the meaning of money, their ignorance of the category of 'labour', their dream of establishing the same paper money unit for all countries 696, on wages 634, their conception of profit as remuneration for the labour of management 160-1, their understanding of value 619

Capitalist Mode of Production (CMP): its forms 13

Capitalist price its meaning 522

Capitalistic production: its general tendency in relation to wages 722

Capitals: their chaotic distribution, their outflow and inflow among branches 630

Castes and guilds 37

Child labourers 93-4

Circulating capital: same as cost price and consumed capital 524

Circulating period: its meaning, differences in it depending on the nature of commodities 530

Circulation costs 431

Collective labourers 25

Collective plan 399, 45; its absence in capitalism 627

Collective workers 25

Colonies 100

Combination of employed and unemployed 638

Commanding will to coordinate and unify the process 152

Commercial commission 437

Commercial frauds 182, as a source of secondary profit of individual capitalists 606

Commercial profit 437

Commodities and money: the connection between the value of commodities and the cost of money 481

Commodity capital: an unnatural stage that is specific only to capitalism 455

Common kitchen 304

Competition: among workers: how capitalism compels 634, -and productive powers 629, -uniform rate of profit 522, among capitals for 'equal profit' 506, cutthroat competition among the capitalists 746, in large-scale industry 99

Composition of capital 498, -and profit rate 594, its progressive change 637

Concentration: of workers in a large number at a work place 22

Conditions of production: 592

Conscience 627

Consciousness: how it is determined by 'existence' 245

Consumers 431

Consumption: personal and productive 433

Control: its nature 16, of workers by capitalists 77

Cooperation: its meaning 16, in the past and under capitalism 20, its relation with productive power 22

Cost price: 524, causes for the differences among cost prices 590

Crime investigation in the 'new' society 311, the nature of this labour 181

Discipline 46

Diseases 600

Division of labour: before and during manufacture 30, between the master countries and colonies 101, its capitalist character and 'new' character 33, under large-scale industry and under manufacture 49

Domestic industry: earlier and modern 96

Economic laws 619

Economics: as an independent science 39

Emigration of working class population 630, -on large-scale to towns under capitalism 105

Employed and unemployed workers: their regular cooperation 638

Engels: his reply to the criticism of Loria, on Marx's formulations in 'Capital' 751, on the Housing Question 375-6, on the multitude of the unproductive labourers in the houses of the rich 169

Exchange rate and the quantitative equality of gold 682, 693

Expanded Reproduction: its meaning 321, in the new society 736, its formulae 406

Expansion of capital and surplus population 358

Exploiters: different levels among them 284

Exports and imports 675

Factory Acts 88

Factory inspectors 597

Factory production 43

Factory system: its beginning 82, -and education 94

False beliefs regarding 'wages' 706

Family relations: under capitalism 92

Faulty social relations 151

Film actors: their labour 218, their price 617

Film: its specificity as a commodity 224

Foreign trade: under capitalism 702, by master countries and colonies 702, its prerequisite to capitalism 747

General profit rate 506, 511

Gold: in the reserve of the central bank 480, its value and its place in the world market 678, labour time necessary to produce it 652

Guilds and castes 37

Handicrafts 43

House work 187, is it a part of social labour? 205

Immediate process of production: decisions concerning it 355

Independent producers: their commodities in the capitalist society, influence of capitalistic notions on them, 170-5

Indirect surplus labour 137

Industrial reserve army 638

Inflation: its meaning, -under capitalism, -in the past societies, -as an irritating problem for capitalists 697-700

Internationalism vs. patriotism 748

Jails 178

Labour fund 267

Labour of supervision and management: its double nature 152

Labour time: its calculations in the new society 743

Labourers: as direct producers 152

Labours: in society 125, at the house of the capitalist 126

Land: not produced by labour 616

Language of commodities 635

Large-scale industry 14, 16, 41, -in agriculture 102

Law of value: does it operate under capitalism 617

Long-day schooling 94

Luxury goods: what they are?, their production under capitalism 376, their production in the 'new' society 380

Machine: consequences of its introduction 72-6, in the context of capitalist relations 87, its relation with the workers 76

Malthus: his theory of population' 365

Manual labour and mental labour 31, their separation under manufacture 50

Manufacture 13, 16, its technical foundation 26, old and new 96

Market price 523

Mass of money 669

Mental labour and manual labour 31

Military labour: under capitalism 179, in the 'new' society 311

Models in advertisements 465, their price 617

Money: as a measuring vessel of commodity values, does it have price 646-8, connection between the value of money and the mass of money and prices 675, its cost 479

Monies of different countries 675

Mortality: infant deaths in the working class under capitalism 92

Mother land: working class perspective and the capitalist perspective 747

New mode of production: its 'circular' nature 385

New society: conditions that characterise it, impact of supply and demand on it 732

Over-population 364

Paper money: why more paper money is printed? 669

Petty bourgeoisie 16

Physiocrats 626, on productive and unproductive distinction 256

Police 178

Political Economy 328, sycophant of capital 638

Population growth: in the new society 393

Price formation: in the past societies and the capitalist society 496

Price rise: its causes: due to commercial fraud, due to the decrease in the value of the unit of paper money 704-5, its relation with the wage rise 706

Price without value: its meaning and its existence due to faulty social relations 616

Price: 492, 627, how will it be in the new society 732, in the past societies 581, how capitalists fix it? 537, how they deviate from values 522, sum total of values 509

Prices and distribution of surplus value 522

Primitive accumulation 111

Production period and working period 528

Production price 524-5

Production price: its relation to wage rise 723

Production relations: their reproduction 353

Production stage 433

Production stage and circulation stage 487

Productive and Unproductive labours: a clarification regarding Marx's examples 285

Productive labour and Unproductive labour: their distinction 123-5

Productive labours: how their labour itself is the liberation of unproductive labourers 166

Productive power: its relation with cooperation 22, of a collective character 17, their growth due to competition among capitals 629, their impact on wages 643

Productive wages and Unproductive wages 157

Productive-Unproductive distinction: how it is specific only to capitalism 298, its application only for master and not workers 241, will it be in the 'new' society? 299

Productivity and living labour 52-3

Profit rate: its relation with composition of capital, in different branches 583-606

Profit: equal profit for equal capitals 506, its rate 537

Prostitutes: 232, their price 617

Pure circulation costs 443

Relative surplus population 638

Religious institutions 178, 186

Reproduction of objects 353

Reproduction of production relations 353

Reproduction process 353, decisions concerning it 355

Reproduction: in the new society 409

Revenue (income) 269

Ricardo 258, 626

Rich-poor differences in products 280, explanation of exploiters 326

Safety measures 598

Sales: do they exist in every society? 453

Secondary profit: of an individual capital, its source 606

Senior 348

Servants: and expansion of capital 381

Simon 372

Simple cooperation 19

Simple Reproduction: in the new society 734

Simple Reproduction: its formulae 402

Sismondi 117, 637; his conception that capitalist mode of production is spiral 384, on work and leisure 369

Skill and machinery 47

Slaves and wage labourers 21

Smith, Adam: on accumulation 637, on division of labour 35, on price of production 626, on productive and unproductive distinction 255

Social capital 542

Social labour 18

Social surplus value 611

Soil: its destruction under capitalism, its fertility 105

Soldiers: as unproductive and manual labourers 179

Sorting and packing: what they are and their relation with production and circulation processes, their need both under capitalism and in the 'new' society 443-5

Souls, reputation and fame: their price 617

Specialisation: its positive and negative aspects 30, and increased production 30

State machinery: its important officials 667

State: as a capitalist 176

State-run enterprise: its productive and unproductive workers 176

State-run unproductive institutions 178

Storage costs: in capitalism, do they add to the value of the commodity? 448

Storage: is the labour connected with it 'productive labour'? 448

Strikes 720

Subjection: see subjugation

Subjugation: formal and real 109, of labour by capital 109

Subsumption: see subjugation

Supervision: in the slave system 152

Supply and demand 525

Supply and demand: their relation with wages 627

Surplus labour: direct and indirect 128, 137

Surplus population: a primary condition for the expansion of capital 358

Surplus value: its distribution among various fractions of the exploiting class 519

Taxes: main source of State revenue (income), imposition of new taxes 668

Technology: and large-scale industry 88

Tool: its movements 77

Town: its intellectual life 104

Towsend 354

Trade unions 638

Trader 432

Transformation: of production prices into market prices 527, of values into production prices 526

Transport capitalist 212, 458

Transport industry: under capitalism 460

Transportation: a natural requirement for using products of one region in another 456, a production process within the circulation process 457

Turnover period: its meaning, its relation with the magnitude of

capital, average turnover period 531

Uncultivated land: its price, its value?, no human labour incorporated in it 627

Unemployed workers: their means of subsistence 83

Unemployment: its causes 69, what do capitalist economists say about it 84, a specific creation of capitalism 361

Unproductive labour: its meaning 121, at the place of the production of the capitalist 148, some examples 161

Value and price: the quantitative incongruity between the magnitude of value and price 2.16

Value composition 349

Value of labour power: as centre for the rise and fall in wages, under capitalism 628

Value of money: how it changes 644

Value proportions 497-99

Value: sum total of values is sum total of prices 509, their transformation into production prices 526

Vulgar economist 626

Wage 627

Wage labourers and slaves 21

Wage rise: its relation to production price, its relation to the supply and demand 725-7

Wages and the value of commodities 638

Wages: their relation with supply and demand 627, their absolute rise 644, what the capitalist economists say regarding wages 634, why changes occur in wages? 642

Women and child birth 364

Women and children: their employment in the large-scale industry 91

Women and their use in advertisements 471

Women: their class position 207

Women: their health and development 364

Women: who do house work and outside work as well 200

Workers of the world, unite! 743

Working class and the capitalist class 115, its absolute dependence on the capitalist class 638

Working conditions 600

Working period and production period 528

World capitalist class vs. world working class 747

World market 747

Have you seen the 1st. volume of this introduction?

Contents of Volume 1

Part 1 : Commodities and Money

1. Two Aspects of a Commodity
2. Two Aspects of Labour that Produces a Commodity
3. Form of value
4. Elementary form of value
5. Expanded form of value
6. General form of value
7. Development of the 'Relative' and 'Equivalent' Aspects of the Form of value
8. Money Form
9. Fetishism of Commodities
10. Circulation of Commodities

Part 2 : Process of capitalist production

1. Profit
2. The Value of 'Labour Power'
3. Labour Process (Process of Production)
4. Constant Capital and Variable Capital; Fixed Capital and Circulating Capital
5. Rate of Surplus Value (Degree of Exploitation)
6. Looking at the 'value portions' of the commodity in terms of the 'portions of the commodity'
7. Working Day